Daily Report

Latin America

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Gaviria Opens Latin American Parliament Meeting

PA050818389; Bogota EL TIEMPO in Spanish 1 Aug 91 p 6A

[Report by Eduardo Garcia Martinez]

[Text] Cartagena—President Cesar Gaviria Trujillo has issued a vigorous call for Latin American integration as the only means to successfully deal with other regional blocs and pave the way for the area's future.

The president spoke at the opening of the 13th Assembly of the Latin American Parliament being attended by nearly 200 delegates from 21 countries at the Hilton Hotel in Cartagena on 31 July. Gaviria Trujillo warned that if the Latin American countries do not want to be left behind by history, as has occurred in the past, they have only one option: integration. This option is now much more feasible because of the unquestionable growth of regional democratization. According to Gaviria, this means that integration and democracy go hand in hand.

The Colombian president said that dynamic and integrated economic systems cannot be built with closed economies, oriented solely toward a regional market. "It is as if we wanted to beautify the neighborhood in which we live by only painting the inside of our house," he added.

For Gaviria, Latin America is experiencing a true democratic revolution which must definitely lead to support for economic integration. He said that in order to consolidate democracy and attain full economic integration, "the bitter chapter of the foreign debt crisis must be closed once and for all." In this regard, he said that a comprehensive and definitive solution to the Latin American debt problem requires a much more constructive attitude from the creditors. "There must also be political and institutional reform so that democracy will not only be a means for election purposes but also for decision-making," he stated. He insisted that the people must be given the right to participate in major decisions, to oversee and impose their will on bureaucracy, and to demand efficiency in spending so they can decide their own destiny.

The president said Colombia is democratically rejoicing because of the success of its constitutional reform. He said that the Congress had gradually become discredited in the eyes of the public and that is why it had to be reconciled with the people. He added that this is the why the Constituent Assembly was formed.

Regarding drug trafficking, Gaviria said Colombia has faced this scourge with determination and sacrifice. "There have been many recent successes thanks to the policy of strengthening the judicial system and permitting the state to recover its authority," he added. He defended the system of reducing sentences and said he was pleased with the surrender of several drug traffickers who for a decade had evaded the authorities of many countries, including those of the United States. Nevertheless, he warned that the struggle must be waged at the international level and called for dialogue in Latin America to prevent the spread of drug trafficking and its related activities throughout the entire continent.

He called for a joint struggle against ecological destruction, and accused the developed countries of establishing unilateral impositions on Latin America and its products through environmental requirements and barriers.

Cuba

Minimum Allowable Age for Foreign Travel Lowered

PA0608015691 Havana Radio Havana Cuba in Spanish 0005 GMT 6 Aug 91

[Text] All Cubans who are 20 years of age or more will now be able to travel abroad. This has been described as a new step by the government aimed at normalizing our country's immigration policy.

This decision is part of a process that began last year with the gradual reduction of the age bracket for those authorized to travel to any country. The Cuban Foreign Ministry has advised that in light of the country's difficulty in providing those interested in traveling abroad with the foreign exchange they may need for their trip, those who wish to travel will have to depend on the help of family or friends to cover their transportation and lodging expenses.

The Cuban Foreign Ministry said that this decision in no way represents a response to the U.S. State Department's decision not to accept new requests for visas presented by Cubans who wish to visit the United States. The Foreign Ministry reiterated that this is part of a process currently under way in the country.

PCC Member Condemns U.S. Aggression Policy

FL0508223091 Havana Radio Progreso Network in Spanish 1625 GMT 5 Aug 91

[Text] Joaquin Bernal, member of the Central Committee of the Communist Party of Cuba [PCC], has said in Bogota that the challenge Cuba is facing is not only military, but also ideological, economical, and cultural. During his speech to the 16th congress of this organization [not further identified], Bernal said that maneuvers against Cuba are not about to start, but are already running their course. He said that the U.S. policy of low-intensity conflict against Cuba is the first stage of aggression. This aggression consists of tightening the blockade, continued cultural and ideological repression, as well as destruction of Cuba's image abroad.

Labor Leader Interviewed on Upcoming Meeting

PA0308162291 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Aug 91

[Interview with Pedro Ross Leal, secretary general of the Central Organization of Cuban Trade Unions, by Susanal del Calvo in Havana; date not given—recorded]

[Text] [Del Calvo] The Central Organization of Cuban Trade Unions [CTC] will host a union meeting in October for workers' rights and freedoms in the face of neo-liberalism. That is why we came to talk to CTC Secretary General Pedro Ross. We would like to know why you are calling the meeting?

[Ross] The problem is that the economic and social crisis that is affecting all the countries of the continent, and which is becoming increasingly unbearable and tends to eliminate the political, labor, and social gains attained in Latin American and Caribbean countries after many years of hard struggle—selfless struggle, I might add—and sacrifice that even claimed the lives of many important union leaders who fought for the rights of workers. Now the neo-liberal policy proposed by the U.S. Administration seems to or tends to be like the coup de grace for workers' rights and to sink the people of our continent into unbearable poverty.

We called this meeting to discuss what to do in the face of the new threat that looms over workers of the continent and how to concentrate efforts and actions to protect our rights. Many union leaders from more than 58 countries who attended the 1 May celebrations in Havana talked about the need to discuss this matter.

[Del Calvo] The neo-liberal polices affecting all workers in general will be discussed at length in the meeting, correct?

[Ross] Right. We are going to discuss it from every standpoint, taking into consideration the characteristics of the subregions and the views held by the different union leaders who will be attending. At the end, we will try to have an overall idea of how the continent's labor movement regards this matter and what concerted effort can be undertaken, since there is a strong movement toward economic integration among governments. For that reason, we must make a concerted effort because a labor movement exists on this continent, regardless of the political trend that it represents. Since it is a genuine labor movement that is representative of the interests of workers, we have many more points that bring us together than separate us. In general, our differences are of an ideological and political nature, and we are not going to discuss partisan problems, but the problems of workers.

[Del Calvo] I am sure this event will be very interesting for visitors and for us.

Ration Cards To Be Used Another Year

PA0308125891 Madrid EFE in Spanish 0046 GMT 3 Aug 91

[Text] Havana, 2 Aug (EFE)—The Domestic Trade Ministry today announced that the ration cards that regulate the purchase of consumer goods in Cuba will be in effect for another year—until August 1992.

The current ration cards were issued in 1990 when all products on the island were rationed.

The situation has deteriorated in recent months and some products that before could be acquired on the free market have again become scarce and their distribution is now being controlled with ration cards, which were introduced on the island in the 1960's.

Electrical Plant Shifts to Fuel Oil Operation

FL0508170391 Havana Radio Reloj Network in Spanish 1400 GMT 5 Aug 91

[Text] The Frank Pais Electrical Generating Plant is currently being converted from a diesel to a fuel oil operation, which should result in an important saving of hard currency for the country. Abel Gandoi Parra, tecnical service specialist for the plant, directed the operation of modifying the generator, of Cuban design, with a special adapter which will guarantee the proper fuctioning with fuel oil. This idea could also be used in other electrical facilities in the country and later be expanded to other industries where the combustion process is not directly related to the production process. To be able to appreciate this useful innovation in the Frank Pais thermoelectrical plant it is sufficient to know that one ton of diesel sells on the world market for $188 while fuel oil sells for $68 a ton, according to today's edition of TRABAJADOR

Matanzas Chooses Delegate Nomination Committee

FL0608121791 Havana Tele Rebelde Network in Spanish 1103 GMT 6 Aug 91

[Text] The plenum of the Matanzas provincial party committee has held a special session to choose a commission that will be responsible for nominating candidates as delegates to the fourth party congress and for nominating precandidates to the Central Committee. The commission is headed by Eugenio Arguelles Vilar, official of the Central Committee and consists of 10 other party leaders and officials.

Socialists' Fate in New World Order Viewed

FL0308163791 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 Aug 91

[Station commentary]

[Text] In a previous commentary I said that July was the month of summits. The big one in London, the Central American summit in El Salvador, the Latin American summit in Mexico, and the summit between the presidents of the superpowers—the United States and the Soviet Union—in Moscow. In some ways these summits are the expression of a world that is changing in which the leaders of the superpowers solve their differences, end the cold war and seek to readjust the situation to fit their present and future needs.

These needs do not necessarily correspond with the interests or needs of the so-called Third World. If the threat of a nuclear conflict no longer existed, which would be a benefit to all of us, the problem of underdevelopment would still affect the economies and peoples of most nations. That is why neither this summit nor any other which may follow will solve the problems which are affecting the world unless there exists a desire to change the economic structure.

This desire is something that does not exist, nor is there a trend in this direction, in the governments of developed capitalist countries. So far, the speeches have not been converted into action. Ironically, far from that, we see what economists and sociologists call the Third Worldization or Latin Americanization of the former Socialist Bloc countries and the marginalizing of vast regions of Africa, Asia and Latin America.

The former countries of the Socialist Bloc, who dreamed of becoming part of the first, or developed capitalist world, are now entering into underdeveloped Third World status. Compare this video of populated dumps in Poland with other images of Latin America and you will see that I am right. In other words in these [East European] countries we begin to see characteristics common in Third World countries such as unemployment, hunger and misery which finally obliges people to live in dumps.

For some areas in Africa, Asia and Latin America the situation is even worse because they do not even form part of the Third World but are economically marginalized from the rest of the world. They have become the dregs of capitalism and now form part of a fourth or even a fifth world. These images of Africa and Latin America are a good examples of what we have been saying.

I believe that we cannot let ourselves by fooled by everything we hear. Is this the new world order to which we should aspire? In capitalism, wealth does not fall like manna from heaven but is always concentrated among the few and for the rest there is only poverty, misery and despair. Therefore we consider this new world order to be a myth more than an irony. Those countries who live in the Third World and defend capitalism will not only end up among the trash of history but will also bring their people to live in their municipal dumps. I believe this would be the most painful irony of this imperfect world in which we live.

New Russian Party Created To Split CPSU

FL0608014091 Havana Tele Rebelde Network in Spanish 1100 GMT 5 Aug 91

[Text] In the latest attempt to split the Communist Party of the Soviet Union [CPSU], 8,000 active members of the CPSU in Russia have decided to create a separate political organization. The organizational meeting of this new party, called the Russian Communists' Democratic Party, praised Aleksandr Rutskoy, vice president of the Russian Federation and leader of the Presidential Council of the new party. The council is currently engaged in organizing the first congress of this party which is scheduled for October.

INDER Signs Sports Agreement With Argentina

FL0508151291 Havana Radio Reloj Network in Spanish 1336 GMT 5 Aug 91

[Text] Conrado Martinez, president of the National Sports, Physical Education, and Recreation Institute

[INDER] and Fernando Nicolas (Galmarini), head of the National Sports Council of Argentina, have signed in Havana an agreement for colloboration between the two organizations for athletic development.

The text of the agreement, signed by the Cuban and Argentine officials, makes possible the exchange of sports teams and athletes between the two countries for participation in competition.

The two organizations will also exchange information on physical culture and sports, as well as human and scientific resources on sports medicine. INDER and the Argentine National Sports Council agreed to exchange ideas on organizational aspects of the Pan-American Games, those that are currently being held in Cuba as well as those that will be held in Mar del Plata.

Havana Radio Reports Polish Agricultural Exports

FL0508140991 Havana Radio Reloj Network in Spanish 1239 GMT 5 Aug 91

[Text] The Soviet ambassador in Warsaw has confirmed that Poland will receive nonferrous metals from the Soviet Union in exchange for cereals and meat. Poland, which only three years ago imported millions of tons of cereals and hundreds of thousands of tons of meat, is working now to export the high volume and excellent quality crops it has obtained in the agricultural field.

El Salvador

PDC To Present Proposal to FMLN in Mexico

PA0208190991 San Salvador Canal Doce Television in Spanish 0300 GMT 2 Aug 91

[Text] At the next meeting between political parties and the FMLN [Farabundo Marti National Liberation Front], to be held on 9 August in Mexico, the Christian Democratic Party [PDC] will present a four-point proposal regarding constitutional amendments, kidnappings, economic points, and the creation of a parliamentarian commission to participate in the dialogue process.

A meeting between opposition political parties and FMLN leaders is scheduled to take place on 9 August in Mexico City. Contrary to Arena [Nationalist Republican Alliance], which will not participate in the meeting because of the kidnapping of two of its members, the PDC will present a four-point proposal to the FMLN. The announcement was made by Roberto Viera.

[Begin Viera recording] First of all, we must overcome the current impasse in the negotiations [words indistinct] seek a solution to expedite the negotiation process. The second point will be the subject of kidnappings. We must seriously discuss this matter with the FMLN. There are commitments that the FMLN must respect and with which it must comply. We believe that this subject must be seriously discussed with FMLN representatives, and therefore we have included this point in the agenda. Another point will be the constitutional amendments. We will discuss with them the Legislative Assembly's commitment, what the Assembly will do, and how we believe that the approval of constitutional amendments can contribute to the negotiation process. The last point we will propose will be the participation of political parties in the negotiation process. [end recording]

Viera strongly condemned the existence of kidnappers in the country. He added that the PDC will demand that the FMLN clarify the case of farmer Gregorio Zelaya, and that the government conduct a thorough investigation of the kidnapping of Guillermo Sol.

[Begin Viera recording] We strongly criticize those actions, which are against the liberty and freedom of Salvadoran citizens. We strongly condemn those actions. In the case of farmer Zelaya, who is reportedly being held by the FMLN, the PDC specifically demands that the FMLN immediately release him. [end recording]

Viera said that this will undoubtedly be a positive meeting because it will try to find the mechanisms that will contribute to unblocking and expediting the peace talks.

Panama

Official: Guerrillas in Darien From Colombia

PA0208182791 Panama City CRITICA LIBRE in Spanish 2 Aug 91 pp 16, 35

[Report by Roberto Cubilla]

[Text] Jose Miguel Aleman, deputy government and justice minister, has denied that an alleged guerrilla group called M-20 [20 December Movement] is operating on the border with Colombia. He noted that the National Police and the Judicial Technical Police [PTJ] are conducting surveillance operations to establish whether or not the rebel groups exists.

Jose Miguel Aleman noted that Darien Province residents have filed complaints with the police, government, and Justice Ministry authorities regarding the existence of an armed group operating in the jungle area on the border between Darien and Colombia. According to this official, there is no evidence of this, although some area residents have reported the movement of armed commando units.

The deputy minister added that some guerrilla groups, such as the Revolutionary Armed Forces of Colombia [FARC], are in the region and use the border area with Panama to hide from their country's army. These groups have been waging a war against the Colombian Army for many years.

Aleman stated that the Panamanian government rules out the possibility that rebel groups are trying to destabilize the country or to topple the constitutional order through an armed insurrection, adding that the persons sighted by Darien residents "must be Colombian guerrillas."

He noted that the National Police has an active presence in the border area, and that PTJ Chief Oswaldo Fernandez recently concluded a visit to the region but could not find specific guerrilla activities.

The official commented that "surely, these are groups that are fighting the Colombian Army." He also stated that Panamanian authorities will maintain a strong surveillance. He concluded his remarks by noting that if there is a guerrilla group in this country, "Panama has the National Police committed to facing them if need be," and that they are prepared to do so.

Integration Into Central America Analyzed

PA0408195991 Panama City EL PANAMA AMERICA in Spanish 4 Aug 91 p 1C

[By Jose Hilario Gomez]

[Text] All Panamanian economic sectors are strongly debating the government's decision to go from simple observer to major role-player in the Central American integration process.

The new Central American image is not very clear and regional businessmen and industrialists, who are analyzing the positive and negative effects of the new integrationist policies, have many questions in this regard.

Panama's decision to enter the Central American integration process was announced by President Guillermo Endara at the Central American Presidential Summit held in San Salvador in mid-July.

Confronted with this situation, the Central American businessmen met in Panama on 31 July to analyze the Central American integration process together and to discuss Panama's role in it.

The Central American Forum on Panamanian Integration was organized by the Federation of Private Enterprises of Central America and Panama (FEDEPRICAP) and the Panamanian Association of Business Executives (APEDE).

The Critics

The industrialists are among the main critics of the new integrationist and trade liberalization trends. The agriculture and cattle breeding sector also holds such a position.

The sectors that question Panama's integration into the region believe that this action goes against national interests. Among those who oppose integration is Nicolas Ardito Barleteta, a former World Bank official and honorary president of the Latin American Export Bank (BLADEX).

Some of the reasons given by Barletta to oppose integration are the pending payments and compensation boards problems. "Panama will lose in the exchange with Central America in a common market," he said.

The former Panamanian president also believes that the Central American Common Market will establish a tax barrier to trade with the rest of the world and eliminate import duties between member countries.

Should Panama enter the regional process, "it would decrease its imports from the world market, which are normally lower in cost and of better quality, and would increase its imports of Central American goods, which are more expensive and not as good," Barletta added.

Panama must protect its "national interest." No one else is going to do it for "us," the former World Bank official stated. He said that it "was positive to cooperate with Central America, but not to enter the Central American Common Market."

Industrialist Vicente Pascual stated at the Central American Forum on Panamanian Integration that "industrialists fear the theoreticians," referring to the promoters of regional integration.

Integration: Why and What is the Purpose?

The objectives of integration for the industrialists of the region are not yet clear. However, "with integration we are in a bad situation, but without it we are dead," Carlos Enrique Rivera, member of FECAICA has said.

Rivera said that the industry of the region was not responsible for the failure of the Central American Common Market in 1960. During that period of time, he added, industry in the region expanded and the commercial exchange increased.

With regard to integration, the representative of FECAICA stated that "we need to go from words to tangible facts, because the speeches by the presidents are impressive." Rivera described the integration as "good business."

Meanwhile, Panamanian industrialist George Richa stated that "integration must yield a positive balance for all countries and the final decision must not be made based on policies and trends, but on how complementary are the markets and mutual benefits."

Panamanian industrialists have reiterated that they were not informed of the decision to integrate Panama into Central America. Both Richa and Pascual said that there is in the country a potential for growth in industry and the agriculture sector.

Richa and Pascual claimed that they are not competitive in the international market because of the high cost of basic services, electricity, and ports, among other things.

Meanwhile, Carlos Rivera said that this is the hour for Panamanians to clearly state what the role will be for Panama in the integration of the region.

The industrialists of Central America and Panama are advocating more favorable conditions for them as part of the integrationist policies.

The short-term implementation of a common tariff system with a ceiling of 20 percent and a floor of 5 percent has been approved at the Central American presidential summits.

For the representative of FECAICA, the integration policies are dictated from abroad. However, he recognizes "that the industrialists cannot alter these policies, but they can minimize their effects."

Position of the Executive Branch

President Guillermo Endara said at this forum "that, as opposed to yesterday, Panama is not pursuing organized integration, but is trying to participate in the shaping of a new Central America." He added that "the main player here is the private sector."

Guillermo Endara said: "It is time to analyze, consult, and give our opinions to reduce the risks, but it is necessary to eliminate false ideas." The integration of Panama into the region will be "complementary and gradual," the president said.

What Do They Think in Central America?

The general atmosphere at the forum was to analyze what the benefits are for Panama's integration into Central America. In this regard, Vicente Williams, president of FEDEPRICAP, said that "we are aware that Panama's interests are different, but they must be explained."

"The Central American economic community must be united to face the new world order. Together we can meet the objectives of development," Williams stated.

The president of FEDEPRICAP listed several aspects of the new commercial and economic currents in the world, as well as in the region.

In view of these new commercial and economic currents, Williams explained that it is necessary to modernize the production processes of the region. He added that the private sector must consolidate the democratization process in each country, which is key to achieving the objective of development.

FEDEPRICAP has proposed to the presidents of the region the creation of a forum for consultation that would serve as a permanent organization and that would include the private sector, workers, academicians, and all productive associations.

The FEDEPRICAP also requested that the governments of the region make adjustments in the state sector, in keeping with the reality of each country, to correct "distortions," reduce the size of the public sector, and develop a privatization plan.

The president of FEDEPRICAP added that the Central American governments "should try to implement economic reforms in the state sector to go from rhetoric to realities."

Williams concluded that "this challenge is for tomorrow, but also for today."

The Comparative Advantages of Panama

According to the new integrationist currents, every country must exploit its comparative advantages to become competitive in a free trade market and overall economy.

Panama has been traditionally a country of services and it could take advantage of its experience to support the economies of the region, Panamanians industrialists have stated.

The president of Panama's Banking Association has said that the banking center could expand its market and finance the region, taking advantage of its "excess liquidity." He added that the country also has an insurance and reinsurance structure that have a potential for expanding under this plan.

APEDE President Juan Nino said that "Panamanians must assist Central America with our experience in the private sector."

However, Panamanian industrialists argue that development of the service sector "has been exhausted" and it can no longer be considered an advantage for integration.

Meanwhile, there are other currents of thinking in the country of what Panama should be. Joseph Salterio, president of the American Chamber of Commerce in Panama (AMCHAM), highlighted the case of Singapore, which has developed another personality.

Salterio said that Panama is trying to imitate the so-called "miracle of Singapore" by creating a National Chamber of Tourism.

In sum, according to the enterpreneurs, the debate on the pros and cons of Panama's integration into Central America is positive. However, there is a long way to go on that subject.

Argentina

U.S. Vice President Quayle Arrives for Visit

PY0608114491 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1106 GMT 6 Aug 91

[Excerpt] Buenos Aires, 6 Aug (NA)—U.S. Vice President Dan Quayle arrived at midnight in Buenos Aires. This morning he is scheduled to meet with President Carlos Menem. [passage omitted]

Chile's Aylwin Visits, Discusses Border Dispute

Addresses Banquet in His Honor

PY0208162491 Buenos Aires Radio and Television Networks in Spanish 0057 GMT 2 Aug 91

[Speech by Chilean President Patricio Aylwin during banquet in his honor at the Plaza Hotel in Buenos Aires—live]

[Text] My dear friend the President of the Argentine Republic Carlos Saul Menem, Messrs. Argentine and Chilean ministers and congressmen, Your Excellency the Nuncio, Messrs. ambassadors, high-ranking Argentine Government authorities, ladies and gentlemen:

In the first place, I would like to voice my gratitude for the hospitality of this Argentine nation that is regarded as a sister nation by Chile. The roots of this fraternity lie in a common tradition and a shared history that was expressed in the great ideals these two nations defended at the beginning of their independent life, headed by our forefathers Jose de San Martin and Bernardo O'Higgins. This same brotherhood was reflected in the recent aid granted by the Argentine Republic to the Antofagasta victims and in many other occasions in which our people have walked hand in hand.

The Chilean-Argentine relationship traditionally has been very rich and entails great potential. We share a lengthy common border that, rather than an obstacle, represents an opportunity to cooperate and become integrated.

In 1855, when our forefathers decided to assess and solve the very complex problems of this long borderline, they voiced their desire to do so, quote, in a peaceful and friendly manner, without ever resorting to violent measures. And, should they not reach a full agreement, to subject the decision to the arbitration of a friendly nation, unquote. This was expressed in the 1881 agreement whose implementation stumbled on the difficulties caused by the characteristics of our geography. Since then, the two countries have made a great effort to mark that borderline, the third-longest one in the world and probably the most rugged of all. We also have resorted to arbitration and even to the mediation of his holiness the pope to solve specific controversies. However, regardless of the difficulties, the forever decided and reciprocal action of our people has allowed us to proudly show the world a lengthy borderline that has never been stained by a fratricidal war. From this history we have inherited valuable tools that now allow us to build an even more deep-rooted and harmonious relationship, such as the one contained in the Peace and Friendship Treaty signed in 1984.

The agreements we will sign tomorrow have the same spirit. We will solve all the problems that still prevail in the demarcation of our borderline, thus closing a chapter of our history and paving the road for an even more deep-rooted, modern, and stable relationship desired by our people and that responds to our brotherly relationship that was expressed at the birth of our Republic in the epic of the Liberator's Army of the Andes.

These agreements are timely and necessary. Our peoples need them to, for once and all, eliminate the heavy burden of border conflicts that affected our brotherly relations. I am deeply and sincerely convinced that our two countries will benefit equally from these historical understandings that you and I will have the honor of signing tomorrow.

There are many reasons that allow us to look to the future with optimism, like the remarkable works that our forefathers built to dominate the Andes and to transform them from an unsurmountable obstacle into a road of unity and exchange: The Trans-Andean Railroad, dedicated on 5 April 1910, which included the first railway tunnel through the Andes Mountains; several international roads built in this century; the Antofagasta-Salta railway, inaugurated in 1948; and the second road tunnel called Christ the Redeemer in 1980.

Now that we are living in a new stage of relations marked by a democratization process in our continent and by world changes that tend to increasingly make us interdependent, integration is more necessary than ever to face the new challenges of the times. The consolidation of our democracies, the economic growth of our countries, the eradication of poverty, and the progress and improvement of the standard of living of our fellow countrymen require a considerable effort in the process of cooperation to which we are dedicated.

Within this context we can include the steps we are taking and that mark a new stage in bilateral relations through the implementation of concrete projects of cooperation and integration.

The Santiago declaration we signed when President Menem visited Chile last August set goals in the field of communications, border passages, transportation, easier transit of people and merchandise, interoceanic routes, electricity interconnection, mining, tourism, animal and plant disease control, and many other areas pertaining to an open and accessible border for the mutual benefit of our two countries.

A year later we may announce concrete and substantial progress in this important task. We have not wasted time. We transformed our good intentions into effective progress such as the treaty on the environment, the protocol on shared water resources, the protocol on the

protection of the Antarctic environment, the protocol on border police cooperation and patrol, the updating of the 1947 agreement on passenger traffic, and of everything connected with traffic and transportation at our extensive common border.

We also have made progress in the field of trade and economy. The opening of our economies represents a clear contribution to our mutual exchange without any meaningful nontariff or tax barriers. However, we are still far from attaining the level of exchange and joint businesses and integration that correspond to the real potential of our economies. There are circumstantial and administrative difficulties.

However, we are still far from reaching the appropriate levels of exchange, trade, and integration in accordance with the real potential of our economies.

There are circumstantial and even administrative difficulties, but they can be overcome in the short range. But we also have structural problems inherited from distorted views of the past. We see with optimism, however, that the distorted views gradually are being revised.

We will sign an agreement of economic complementation within the ALADI [Latin American Integration Association] that reflects current reality. This is basically aimed at establishing a regulating mechanism to systematize and develop the bilateral economic relations at the highest possible levels. This is based on the exploration of group and business cooperation. Within this framework we will sign the protocol on natural gas interconnection, mining integration and cooperation, and the one referring to ground, air, and maritime transportation.

We have faith that private initiative soon will include other important sectors in this new work plan. Therefore, keeping in mind the interest of Argentine businessmen to invest and develop business in Chile, and of Chilean businessmen to do the same in Argentina, we are signing the treaty of reciprocal promotion and protection on investments. This is to provide stability and clear rules to private initiative.

Since the signing of the Treaty of Asuncion, I have expressed the Chilean satisfaction with the emergence of Mercosur [Common Market of the South]. This represents a new and original effort to give impetus to the process of regional integration that is an aspiration of our country.

I also would like to convey our satisfaction with the invitation from the presidents of the four Mercosur countries during the first Ibero-American Summit to study the possible ways and opportunities for Chile to join this organization. We are willing to start the exploration at the technical level of the different possible ways for Chile to join this organization.

We also see with satisfaction the development of the Americas Initiative, which recently has implemented programs with our country and established a framework agreement on trade and investment between the United States and the Mercosur.

A great deal has been done in the past but the great task that still remains to be done is a challenge to the determination and creativity of our generation. This is not only a governmental task but a task for all the forces of our nations. Being aware of this reality, an important group of congressmen, businessmen, and union leaders that represents the different sectors of Chilean society came here with me.

We support the initiative of the congressmen of our two countries who established today in the legislative assembly a binational congressional committee, which will be, without a doubt, an important factor in the progress of political and economic relations between our two countries.

Mr. President, Argentina and Chile were together in the stage of the formation of our identity. Why not recall the victorious entrance to Santiago of Chileans and Argentines after the Chacabuco battle. After many years this understanding has a new reason because of the challenge faced by our nations at the doorstep of the 21st century.

We have made great progress but let us not be satisfied with that progress. Every new step opens a horizon toward new and promising goals to respond to the desire of our people to progress in peace toward a more just and prosperous society. To move in that direction is our responsibility. This is what Argentines and Chileans are trying to do.

Thanks, Argentine friends and brothers, for this cordial welcome you extended to the president of Chile, who brings an embrace from the Chilean people for the Argentine people. Thank you very much. [Applause]

Hosts Breakfast for Media

PY0208212791 Buenos Aires TELAM in Spanish 1704 GMT 2 Aug 91

[Text] Buenos Aires, 2 Aug (TELAM)—Chilean President Patricio Aylwin has stated that "the chapter of disagreements and conflicts will be closed once and for all" with the signing of the border agreements. He added that "from now on" neither country "will have any reason to make new territorial claims."

Aylwin said that his country is not seeking to expand its territory. He added that "Chile is not an expansionist country," and that "expansionist policies belong in the past."

The Chilean president is making an official visit to our country. This morning he had breakfast with the directors of local media and foreign media organizations accredited to Argentina.

Commenting on the Laguna del Desierto dispute, Aylwin said that Chileans and Argentines "have been

unable to overcome differences, but we believe that the Latin American arbitration tribunal will hand down a correct decision."

Aylwin stated that his government wants to remove "every possible cause of friction with Argentina." He added: "We believe that the nine agreements we will sign today" with President Carlos Menem "are very important because we want to maintain fluid relations."

Aylwin added: "We are not engaged in any arms race policy." He admitted that "our Armed Forces maintain the military strength they had at the time of our government's inauguration. We have not strengthened them."

Aylwin volunteered that "by building an atmosphere of mutual trust—a process which has already started—the two countries should be able to reduce military spending" in the future. He added: "We are not promoting any program to build nuclear or chemical weapons."

Asked if the Chilean Armed Forces were consulted on the border agreements, Aylwin said: "We did not consult them; we briefed them on the terms of the negotiations. In no way have we subordinated our decision to the opinion of military sectors."

Commenting on the significance Chile attaches to the Common Market of the South, Aylwin said: "Although Chile has not yet joined, we are optimistic that it will do so in the future. For the time being, we prefer to deal with all countries on a bilateral basis."

Aylwin reaffirmed that his government is determined to promote integration. He said that much progress has been made in the negotiations to sign free trade agreements with Mexico, Venezuela, and Argentina.

Menem Addresses Banquet

PY0308020491 Buenos Aires Radio on Television Networks in Spanish 0040 GMT 2 Aug 91

[Speech by President Carlos Saul Menem during a banquet in honor of Chilean President Patricio Aylwin at the Plaza Hotel in Buenos Aires—live]

[Text] Friend and Mr. President of Chile Patricio Aylwin, foreign ministers of the two countries, members of the diplomatic corps accredited to the Argentine Republic, national legislators, provincial governors, members of the Argentine Armed Forces, commanders of the three forces, joint chiefs of staff, Apostolic Nuncio, ladies and gentlemen, brothers and sisters of Chile and Argentina:

Mr. President, I want to express our friendliest welcome in the name of the Argentine Government and people. Your presence and that of high-ranking government officials represents a deep satisfaction because it constitutes a symbol of the rapprochement between our two countries. Since the beginning, our histories have been characterized by close relations between our two peoples. These relations, however, have not always been maintained at a constant level, as the liberators of our two countries dreamed, since we have experienced moments of misunderstanding as a result of narrow-minded geopolitical concepts.

A new stage began with our meeting last August. This stage is now concluding with the resolution of an important and far-reaching chapter in the life our two peoples. Dear president, I am referring to the historic agreement that we will sign on this occasion. Success has crowned a year of intense work and of firm political will to find fair and honorable solutions—full of good will—to this ancient conflict. The agreement also allows us to face the future with renewed enthusiasm. Thus, as with the 1984 Peace and Friendship Treaty in which we shared the task of delimiting our territories, we will now take a decisive step in their demarcation. Our agreement, or the reasons that inspired it, is very meaningful for our two peoples, the American continent, and the world. It is a message of peace and an example of how great objectives can be achieved through frank dialogue. It leaves behind old prejudices and distrust, and will allow us to progress toward great integration in all fields.

A basic element has been decisive in arriving at this result: our countries' current democratic governments. The state of law in which our peoples now live has required a long period of effort and sacrifice. Like our liberator General San Martin said: Trying to restrain the torrent of the American continent's unified opinion with bayonets is like trying to enslave nature. Thus, we must not lay down arms in our daily defense of individual liberties, justice, and human rights. The total democracy our two countries have attained must not, however, lead us to believe that all objectives have been fulfilled.

We still have a great challenge ahead of us. We must achieve better education, a better standard of living, and better health service for everyone. We should not forget that all our government actions are for the benefit of the people. In order to achieve these priority objectives, it is necessary to constantly work and for the government and all sector leaders to have a strong political will.

Dear president, the new order being created demands the establishment of new rules to allow the beginning of a new era of peace and cooperation. Our participation in this international order must be aimed at ensuring the adoption of decisions by a consensus of states. In this regard, the UN system has a significant role. The gradual deterioration of the environment and drug trafficking are issues that are creating great concern among nations and, of course, Argentina and Chile share this concern. We greatly value preservation of the environment as an essential requirement for a better life for our people. We expressed this concern through the signing of agreements on protection of our environment on the continent and in the Antarctic region.

We must also unite our efforts in the struggle against one of the scourges of the last decades of this century: drug

trafficking. The struggle must be carried out through concerted action, not rhetoric. This is a struggle that we must carry out with all countries of the world in order to prevent and eradicate this scourge, which is threatening to destroy succeeding generations.

I would like to recall a message delivered by Argentine President General Peron during a meeting of Third World countries in Algeria in 1973. Peron said on these issues: Humanity must wage a war of self-defense. No one can remain idle in this gigantic task. This is why I call on all governments and people to act in solidarity for the struggle in defense of freedom and human happiness. We will do that with all the strength inherited from our Indian ancestors.

Peron also used two expressions, one from the Koran and the other from the Bible. Quoting the Koran, Peron said: The wise prophet said: Do for this world as if this world will live forever and do for your fellow man as if you had to die tomorrow. As for the biblical message, Peron concluded by saying: Man is the brother of man, whether he likes it or not.

Mr. President, the new reality cannot be built with rhetoric, but through actions to reach established goals. This year's work has been very fruitful. I would like to point out, in particular, the formation of an Argentine-Chilean Joint Congressional Committee. Legislative work will be an important instrument for drawing up the new legal framework required by the integration process. The agreements reached on energy and economic issues show that we are on an irreversible path to integration.

The establishment of a regulatory framework for the supply of natural gas to Chile is a clear signal that we are overcoming our old distrusts.

Another agreement that points in the same direction is the deregulation of land transportation. Our commitment to eliminate restrictions to investment in the border areas will allow Argentine and Chilean companies to develop mining agreements and obtain greater foreign investment and benefits from technology transfer.

Another important step is the agreement on investment guarantees; this creates favorable conditions for establishing Argentine and Chilean companies in each other's territories. Another important matter within this integration process is the solution of problems faced by those who move between our two countries. We do not see the border as a barrier, but as an area for encounter and exchange in all fields. It is a living link in permanent interrelations. We must definitively overcome the concept of a border that separates rather than unites, that causes confrontation rather than brings people close. In this spirit, we have agreed to facilitate the movement of people and merchandise between the two countries, so Argentines and Chileans can circulate freely and feel, in practice, the benefits of integration.

My friend, Mr. President, we have taken the first step. We still have a long way to go, but I am convinced that, with the will and work of Chileans and Argentines, we will attain the objectives we have set for the well-being of our peoples, without obscurantist visions, without short-sighted distrust, without looking for skeletons where there is hope in the present and faith in the future, but with the fraternity of two sister countries that recognize themselves as united within the great Latin American motherland, a motherland we are now strengthening with our historic will for unity, solidarity, and cooperation.

In this historic moment, dear Mr. President—although I am extending my speech by a few minutes—I cannot forget to refer to the president I just mentioned; that is, General Peron, who on the occasion of visiting Santiago de Chile on 22 February 1953 during the presidency of General Carlos Ibanez del Campo said the following to demonstrate that we think alike and are fighting for integration: Whoever has bad thoughts is making prejudgments.

These agreements are in defense of our interests, our history, and our feelings. We are not against anybody. We are not thinking about anyone in particular, and any suspicions that have been raised out of slander and injustice do not affect the men who have decided to honorably comply with their duty.

When President Peron returned from Santiago de Chile he described the Argentine duty toward the Chilean people: First, each Argentine must know that the peoples of Chile and Argentina, who are preserving their national sovereignty, are really sister peoples; consequently, we must work for the greatness of Chile and the happiness of its people with the same faith and love with which we work for our own happiness. Second—and listen to this well—second, the Chilean people will be considered fellow countrymen by all Argentine people as of today. This must be a national slogan.

Fifth [as heard], each Argentine citizen must know that this is a constructive action that has no offensive purpose; it is not directed against anybody, and its only objective is the happiness and greatness of the peoples involved.

Nine [as heard], any act contrary to common interests in the unity of the Chilean and Argentine people will be regarded by the Argentine people as a lack of respect for the commitment that has been undertaken.

Ten, each and every Argentine citizen should be convinced that implementation and development of this unity will safeguard the grandeur of the American Continent and the happiness of our people.

Listen to what Gen. Peron said at the War College in 1953 in an address to his comrades in arms. Peron said: When I started my quest for Latin American unity, I said we would do away with borders if necessary. I did not want to go down in history, he added, without having at least truly proven that we had placed all our true, effective, and sincere determination in the materialization of this unity on the Latin American continent. I believe the year 2000 will find us either united or dominated. Intelligent people do not just wait for the

year 2000 to arrive, they make an effort to move ahead and meet it, and under better conditions than what the future might have for us if we just sit and endure the blows instead of being the hammer so we can also strike our own blow.

Interests are the only thing that must be overcome in order to become integrated; when the interests of the countries are at stake they come before the interests of the people. This is our greatest hope. This is our greatest hope, dear president and friend, which is contained in the agreements we are going to sign tomorrow, which belong to this integration process, to this long-desired aspiration stemming from agreements, struggles, and battles waged by our forefathers, by San Martin, O'Higgins, Bolivar, and Artigas. Dear President, I want to end my speech by quoting Simon Bolivar who said: America is my fatherland. Thank you very much. [applause]

Holds News Conference

PY0308122891 Buenos Aires Argentina Televisora Color Network in Spanish 2032 GMT 2 Aug 91

[News conference by Chilean President Patricio Aylwin in the pressroom of the Argentine Government House in Buenos Aires—live]

[Text] I want to make a statement before answering your questions. I want to stress that my government gives historic importance to the agreements we have signed today. The agreement to solve eventual border problems is of great importance. Everyone knows that for a century and a half the long Andean border separating and uniting our countries has been cause for disagreements and conflicts. Our governments have been seeking formulas to solve the different problems that have appeared from time to time since the middle of the past century.

When President Menem visited Santiago in August last year, we instructed the two countries' border commissions to seek solutions to all pending problems in a given short period of time. There were 24 points of dispute. We solved 22 of them based on the border commissions' recommendations. President Carlos Menem and myself have instructed the appropriate departments to draft the borderline and build the corresponding border markers. On two other points—affecting our differences over the sector of glaciers and snow fields—our two governments decided to submit a proposed solution to our respective congresses. Regarding our differences in the so-called Laguna del Desierto, we have to point out that there is a mediation decision from the end of the past century and it is the interpretation and application of this decision that has been the cause of disagreements. We decided to submit this problem to a decision by international legal experts from our two countries and from other countries in our continent.

This agreement is very significant because I believe that once these border conflicts are solved, there should be no more reasons for distrust and fear between Argentina and Chile nor reasons for eventual conflicts.

These agreements are in accordance with the spirit and wording of the 1984 Peace and Friendship Treaty. They will consolidate and guarantee a peaceful future between our two brotherly nations. The other agreements refer to matters that you already know. I will only stress the importance of the agreements on economic cooperation, free traffic, the construction of the gas pipeline, the Andean passes, investments in the two countries, facilities and guarantees for these investments, and other matters.

I am very happy with having signed these agreements and want to take advantage of this opportunity to say two things before I start answering your questions.

In the first place, I want to express the Chilean Government's and peoples' gratitude for the affection, recognition, respect, and welcome the Argentine Government has given the Chilean president and his retinue. We were welcomed in a manner that exceeds the protocol rules and that truly expresses the cordial friendship shared by our two countries. In the second place, I wish to convey, through the media representatives, a cordial greeting from the Chilean president, on behalf of his people, to the entire Argentine nation.

[Daniel Santoro from CLARIN] Mr. President, in your introductory remarks you said that after signing these border agreements there should be no more reasons for reciprocal distrust and fear. I would like to know whether you can personally promise the Argentine people that Chile will never again make any claims over border issues to Argentina?

[Aylwin] Well, if we categorically say that these are the only points over which our countries disagree and that we settled these differences, not only my government on behalf of the Chilean people, but also the Argentine Government on behalf of the Argentine people, are stating that neither of the two countries will make reciprocal territorial claims.

[Gustavo Silvestre from Buenos Aires Television Channel 13] Mr. President, a few months ago we heard through the Argentine media about a secret visit General Pinochet made to various countries. There were also rumors that the trip's purpose trip was to buy weapons for Chile. At that time we also heard in Argentina that Chile had acquired the lightning rocket two months ago. In summary, what I would like to know is whether Latin America has a reason to fear that Chile is engaged in an arms race that may cause an imbalance in the region?

[Aylwin] In the first place, I am going to rectify your question. Your question contains some assertions that really do not conform to reality. In the first place, General Pinochet made no secret visit; his trip was public. He asked the Chilean Government for permission and the trip was authorized. In the second place, his trip did not include a large number of countries; he only visited Brazil, Portugal, and—for a few hours—Great

Britain. In the third place, the purpose of the trip was not to buy weapons. The only time his visit was linked to weapons was when he travelled to England to learn, in situ, about the fulfillment of a pending contract related to the lightning rocket, which you have just mentioned and which was signed some time ago.

Regarding the lightning rocket, it is a conventional, short-range weapon that belongs to the group of normal, or better said, conventional defensive weapons, without an offensive scope. I am going to give you a straightforward answer by telling you that Chile is not engaged in an arms race. As with any other country, Chile equips its Armed Forces with the materiel necessary to fulfill its defensive-deterrent duties. The budget for the Chilean Armed Forces is frozen and we have no plans for expansion in this field, nor, may I add, although you did not ask, do we have any plan—because the contrary has been stated—to manufacture chemical, biological, or nuclear weapons by the army, the Armed Forces, or any private enterprise.

[Juan Maria Coria from LA PRENSA] Mr. President, I would like to know, if you have the figures at hand, what quantity of land is involved in the 22 points that you have just solved; what quantity belongs to Argentina and what belongs to Chile; what quantity of land will be discussed now?

[Aylwin] I would like the Chilean foreign minister to answer the question because I am not familiar with those technical details.

[Enrique Silva Cimma] According to the agreements just signed, the 22 points that have been solved involve, in round figures, 1,079 km for Chile and 1,083 km for Argentina. The Laguna del Desierto zone, which is subject to arbitration, covers a total area of 520 square meters, sorry, 520 square kilometers. I want to point out that Laguna del Desierto is not in truth a lake, but that those 520 km that surround the lake with that name are named after it.

[Amelia Miranda from LA NACION of Santiago] Although the agreements are very technical, integration means nothing if it is not carried out at a human level. In view of the recent accusations against southern Argentina and the comment made by an Argentine colleague of mine who said that with this agreement Argentina was betting on Chile, is Chile—at a human level— betting on Argentina in these treaties?

[Aylwin] Well, I do not think it is really a matter of betting. I think this has to do with the will of the Chilean and Argentine Governments, that, I believe, are interpreting the will, desire, and aspiration of the great majority of Argentine and Chileans citizens to leave territorial or border disputes in the past and face the task of complementing, cooperating, and integrating one country with the other for the development and prosperity of our people. I believe, and it is obvious, that disagreeing voices will crop up in both countries due to misunderstandings, prejudices, traces of ancient nationalist tendencies, ancient distrust or hegemonies, or due to interests that are probably considered harmed. A while ago I learned about a declaration issued by the Federation of Chilean Fruit Growers protesting the agreement authorizing the transit through Chilean territory of Argentine agricultural goods and fruit in sealed containers. The declaration states that this represents a serious threat of fruit fly contamination for the Chilean farmers because the containers might open if the trucks carrying them have an accident. Well, I believe that there will be many criticisms of this nature, but I also believe that the great majority of the people of our two countries support this decision, which does not entail betting on one another but rather betting on integration as a basic factor for the economic development and consolidation of peace between our countries.

[Jorge Pazo from ATC] In your opinion, what are the main points of the economic agreements signed today, and is there any chance in the near future of you holding talks with the presidents of the Mercosur [Common Market of the South] member countries in order to reach an agreement regarding custom tariffs?

[Aylwin] I would like the Chilean economy minister to answer that question because he will be able to give you more details.

[Carlos Ominami Pascual] It should be pointed out that the economic cooperation agreement and its annexes are a tool that includes various subjects. On one hand, a significant effort is being made to organize all the agreements referring to custom tariffs, taking into account that Argentina and Chile have made great progress in this field recently. In the second place, still in the commercial field, it has been agreed that neither of the two countries will establish additional nontariff barriers other than those that may currently exist. The nontariff barrier tools are, thus, consolidated. Moreover, there are important agreements in the energy and transportation fields regarding the definition of technical norms, and in addition to all this, a very important point refers to guarantees granted to investments. It has been agreed that Argentine investments in Chile will be fully guaranteed, as well as Chilean investments in Argentina. There is also the possibility of resorting, should any type of conflict surface, to international arbitration, a system currently used throughout the world. These, I think, are the basic issues contemplated in the economic agreement whose main objective is to end a long period, practically the entire decade of the 80's, during which Argentine-Chilean commercial relations weakened seriously. In 1980, Chile sent 6 percent of its exports to Argentina; in the late 80's and in the early 90's Argentina only imported 1.3 percent of Chile's total exports. This reflects a tendency of the 80's that we believe ends with the signing of the agreement.

Regarding MERCOSUR, I wish to merely say that Chile has welcomed this initiative and that we hope to gradually, formally establish a relationship between Chile and

the MERCOSUR member countries that will allow us to jointly make progress without disrupting the rhythms adopted by each country, according to their own possibilities and needs, to carry out this opening process.

[Selmar Lisardi from UPI] Ever since you arrived in Argentina yesterday Mr. President, you have insisted that the border problems between Chile and Argentine are now over. I have been listening to the opinion of the Argentine people, especially who are against subjecting Laguna del Desierto to arbitration. Those people who do not fit the examples you just mentioned of people who are against this type of agreement are recalling that in 1984, at the end of the conflict over Beagle Channel, they were promised that once that problem was solved there would be no more border conflicts with Chile. However, seven years later we find that we are faced with a similar problem. What makes you say that from now on there will be no more border conflicts between Argentina and Chile?

[Aylwin] Well, in the first place I want to correct what you said. When the 1984 Peace and Friendship Treaty was signed, no one said there would be no more problems. The text of the treaty does not say this, so much so that it mentions the possibility of eventual problems and establishes the necessary mechanisms to solve them. The treaty states that in case of problems the parties will first resort to direct negotiations, then to a conciliation, and, third, to arbitration. This means that the 1984 treaty contemplated the possibility of problems arising between our two countries, either of a border or another nature. I say that the border conflicts are solved because the demarcation of our borderline has been in the process of negotiations since, if I am not mistaken, 1851. Since then, negotiations have been carried out, progress has been made, landmarks have been placed on the Andes mountain range, the necessary criteria have been established, and, in this task, the two countries' border commissions only had these 24 points pending, after an exhaustive study of our entire borderline. This means that all other points of dispute had been solved in the past and that we are now solving the pending ones.

[Rogelio Garcia Lupo from TIEMPO of Spain] Mr. President, what is the situation in Chile of banker Gaith Pharaon, owner of a chain of hotels in Santiago, and the central figure of the current international financial scandal involving BCCI [Bank of Credit and Commerce International]?

[Aylwin] The truth is that, as far as I know, no irregularities have been detected in Chile in the activities carried out by this person whom, we know, is involved in a plan to build a hotel belonging to an international chain of hotels. Construction of that hotel is in quite an advanced stage. As far as I know, this is the only activity this gentleman has carried out in Chile, although I cannot assert this is his only activity, but as far as I know we have detected no situation that may merit investigating.

[Arturo Castillo from Megavision of Chile] Mr. President, we see that in Europe the EEC members are opening their borders and we, far from opening or closing them, still are discussing where our borderlines should be. To what extent does this jeopardize the development of Chile and Argentina? What do you think about this?

[Aylwin] Well, I think these are entirely different situations. In the first place, the European countries have 1,000, or a little less, years living as states, or at least some 500 as independent states in which border conflicts, which did exist in the past, have been solved through numerous international treaties or, in some cases, through agreements reached through wars. Fortunately, in our continent, and specifically in Argentina and Chile's case, as I said in one of my speeches yesterday, we have never had to resort to weapons due to these disagreements. What we are doing now is not arguing about borderlines but rather solving these problems. But we are making progress in the other direction you mentioned. After World War II, despite the great differences and conflicts that had existed between the various European nations, that continent understood it had to overcome the existing disagreements and seek an understanding beyond its borders in order to be able to confront the new situation of this century.

This is how the Steel and Coal Common Market was created by France, Germany and the Benelux. This, it could be said, gradually became the EEC, which currently is a reality and which since 1 January 1993 will gain a special strength due to the legal and institutional maturity it will have reached by then. Now then, we have been talking about the integration and unity of the Latin American countries since the days of independence. Bolivar's dream was not only a subject of rhetorical speculations but a strong desire in our country. However, so far we have not found effective formulas to materialize this dream. In the 60's, some regional integration efforts were made, such as the creation of the Andean Group designed to seek economic integration, later on Aladi [Latin American Integration Association] was created with the purpose of, through realistic paths, gradually eliminating custom barriers among our countries and the obstacles to free trade for the purpose of creating a common market. More concrete progress is being made during these past few years. The creation of the Mercosur, the bilateral agreements Chile is seeking with Mexico and Venezuela, and the agreements we have signed today, which Minister Ominami just mentioned, represent concrete steps in the same direction in which the European process advanced. With the difference, of course, that they are 40 years ahead of us and have made great progress on that path, and we are only starting.

Signs Declaration With Menem

PY0308163491 Buenos Aires TELAM in Spanish 2348 GMT 2 Aug 91

[Text] Buenos Aires, 2 Aug (TELAM)—Argentine President Carlos Menem and Chilean President Patricio Aylwin signed today a joint declaration in which "the search for definitive solutions to pending matters related

to border disputes, which are considered to pose an obstacle to the progress of relations between the two countries, is recognized as the priority objective of bilateral relations."

The document notes that, keeping that objective in mind, both chiefs of state signed today "with great satisfaction, a joint declaration on border disputes." The declaration establishes mechanisms for resolving "the 24 points pending in the border disputes, in the conviction that, in this manner, the way will be opened to the broadest cooperation, which will further integration, particularly, for the benefit of adjoining provinces and regions."

The signing of the joint declaration and agreements on economic and ecological cooperation by the two heads of state took place this afternoon in the White Hall of Government House in a ceremony during which the two presidents exchanged effusive embraces to applause by the Argentine and Chilean officials who were in attendance.

On the joint declaration's second point, which alludes to "the political will to walk down a common road," the two presidents "agreed that the talks held and the agreements signed reflect the high level of understanding that the two countries have reached, as well as eloquently expressing the political will to promote joint development in a climate of peace, democracy, and social justice."

Menem and Aylwin "noted with satisfaction the advances made in physical and economic integration, including integration in the use of energy resources, of both countries, and expressed their firm decision to further not only these advances, but to stimulate all other aspects of bilateral integration."

The two presidents also expressed "their particular satisfaction with the decision by both countries' congressmen to set up a joint congressional commission that will promote rapport between the two countries' people and will cooperate" to devise the new formulas required by integration.

In the same way, they "recognized the need to maintain a continuous political dialogue between the two countries, and agreed to create a mechanism for permanent political consultation and coordination between the two foreign ministries to thresh out positions on issues of bilateral, regional, and international interest."

In point three of the joint declaration, the presidents noted "the advances that have been made in the areas of trade and cooperation," and "expressed their satisfaction with the signing of an agreement on complementary economies within the ALADI [Latin American Integration Association] framework, which takes into account the degree to which the two economies have opened to outside trade in their unequivocal move toward increasingly more effective and competitive integration into the world's economy."

The two presidents also stressed "the dynamic interrelation in border areas that unites the people in a modern, active manner," and noted the memorandum of understanding on physical integration and unencumbered border traffic, which was signed to facilitate the movement of people, vehicles, and merchandise between the two countries.

They noted concrete actions that have been adopted, such as the simplification of customs and migration procedures through unified paperwork, transit and border traffic systems, border service fees, and selective customs control at all border passes.

In point five of the joint declaration, the presidents of Argentina and Chile ratify their intention of "building an equitable future for the coming generations," and they expressed "deep satisfaction" on the signing of a treaty on the environment that will allow "an efficient and coordinated action to be able to face the growing deterioration of the ecological sector and natural resources, and at the same time it will help to improve the quality of life of its inhabitants."

Convinced of the need to preserve these resources, they congratulated themselves over the signing of the protocol on shared hydraulic resources, which will permit the overall exploitation of hydrographic basins. They also expressed their pleasure regarding the protocol on the protection of Antarctic ecology that was signed today.

Point five of the declaration refers to the "concrete actions that will be taken to strengthen bilateral relations," and in highlighting those that will emerge from the agreements signed today, they agreed to instruct their foreign ministers to push for agreements on various matters.

These agreements refer to health, animal health, plant health, telecommunications, labor, culture and education, social security, tourism, and maritime and land transportation.

The seventh and last point of the declaration refers to "Argentina and Chile in a world that is changing," and it expresses the two presidents' "desire" that "the changes that are taking place within the world scene must lead to the strengthening of peace, cooperation, the full implementation of human rights, and the promotion and consolidation of democratic systems."

Menem and Aylwin reiterated their support for the United Nations and the OAS, highlighting the "value of the agreements that have been achieved with the June 1991 Declaration of Santiago," and they expressed their pleasure regarding the important advances that have been made in the integration of the peoples of Latin America.

In addition, they congratulated themselves for "the advances that were made during the first Latin American summit of chiefs of state and government, especially as a forum for dialogue at the highest level and the creating of the Ibero-American Conference, and they expressed their "firm interest in the exploration at the technical level of the various modes and alternatives for the

definition of a channel to link Chile with the Mercosur [Common Market of the South] as soon as possible."

The Argentine and Chilean presidents "highlighted the importance of the Americas Initiative that has been outlined by President Bush and that has the intention of creating an economic space expanded to the continental level," and they called on all countries "to make decisive efforts to achieve a successful conclusion to the GATT's Uruguayan Round that will ensure substantive and balanced results, especially in the elimination of protectionist policies and agricultural subsidies, something that will allow the expansion of international trade."

The also reaffirmed the intention of the two countries to "intensify their cooperation in the prevention and repression of the illegal use and illegal trafficking of drugs and psychotropic substances in accordance with the bilateral agreement on the topic that was signed in 1990."

In this respect, they expressed "the common purpose of cooperating to prevent the use of their financial systems for the laundering of the assets of the illegal trafficking of drugs, and they urged the international community to strengthen cooperation with regard to these problems."

Finally, "President Aylwin thanked President Menem for his generous hospitality and the demonstration of affection that has been received from the Argentine Government and people."

Correction to Military Concerned About Border

PY0208210391

This correction pertains to the item headlined "Military Concerned About Border Issue Agreements," published in the 2 August Latin America DAILY REPORT, p 20

Column two, paragraph two, second sentence make read: Desierto and the ice fields in Santa Cruz...(rewording, removing editorial notation)

Correction to Minister on 'Strongly Defending'

PY0208212191

This correction pertains to the item headlined "Final End to Conflict," published in the 1 August Latin America DAILY REPORT on page 29:

Column one, paragraph eight, only sentence make read: issue of the ice fields because the other... (rewording).

Brazil

Collor Meets With, Decorates ANC's Mandela

PY0608012491 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 5 Aug 91

[Text] African National Congress [ANC] leader Nelson Mandela arrived in Brasilia today. He will meet with President Fernando Collor. Mandela was almost one hour late when the Brazilian Air Force plane transporting him landed at Brasilia Air Force Base. He was received by acting Foreign Minister Marcos Azambuja, congressional representatives, and ambassadors from African countries, including the South African ambassador.

Mandela drove directly from the airport to Planalto Palace for an audience with President Fernando Collor. Brazil has not sent an ambassador to Pretoria, only a charge d'affaires, as a protest against apartheid. Changes in South Africa, however, have prompted the Brazilian Government to reconsider, and it is now ready to elevate its diplomatic representation to the embassy level. This was the main topic of discussion between President Collor and the South African leader.

Mrs. Winnie Mandela, meanwhile, was received by First Lady Rosanne Collor at the Brazilian Welfare Legion in Brasilia.

Reporter Alvaro Pereira reports live from Brasilia:

ANC President Nelson Mandela has just left Planalto Palace after a 50-minute meeting with President Fernando Collor. The first part of the meeting was behind closed doors. The two leaders talked about international policy and Brazilian relations with South Africa. Mandela asked President Collor to maintain trade restrictions against South Africa. He believes international pressure is important for ensuring that the racist government keeps moving forward in political reforms.

Nelson Mandela was decorated with the Rio Branco Grand Cross in the second part of the meeting. During the ceremony on the third floor of Planalto Palace, President Collor said it was an honor and a great pleasure to receive Nelson Mandela. According to the president, Mandela is one of the greatest expressions of courage of our time.

Nelson Mandela said Brazil is one of the most important allies in the fight against apartheid. Mandela concluded by saying that he will return home full of hope and confidence in a final victory.

'Weary' Mandela Cancels Appearances

MB0508164291 Johannesburg Radio RSA in English 1100 GMT 5 Aug 91

[Text] A report from Rio de Janeiro says a weary Mr. Nelson Mandela has met the only black governor in Brazil, Mr. (Albueno Azaredo), but has canceled some activities because of fatigue.

The 73-year-old president of the African National Congress is on the final leg of a five-nation tour of South America. Today he is scheduled to meet President Fernando Collor de Mello and senior government officials.

Mr. Mandela is due to return home to South Africa tomorrow after his tour, which included Jamaica, Cuba, Venezuela, and Mexico.

Mandela on ANC's Goals

MB0508153491 Johannesburg Radio RSA in English 1115 GMT 5 Aug 91

[From the "Africa South" program; news conference by African National Congress, ANC, President Nelson Mandela at Sao Paulo airport, in Brazil; date not given—recorded]

[Text] African National Congress [ANC] President Nelson Mandela is having a hard time keeping up with his many appointments in Brazil, where he is now on the last leg of his tour of Latin countries.

In Sao Paulo, just before his urgent departure to Vitoria, Mr. Mandela was asked by newsmen how he saw the future of the ANC's political struggle and the prospects for negotiations:

[Begin recording] [Mandela] We are fighting for a democratic constitution in which every South African irrespective of his color will have the right to vote. We are also fighting for a bill of rights in which the rights of every citizen, black and white, will be properly (?decided).

We want an independent judiciary, an independent court which can pass judgment without fear or favor. We believe in a multiparty system where various organizations can sell their ideas to the masses of the people. We believe in regular elections based on the principle of one person, one vote in a common voters role.

The point I make is that the problem that has arisen can only be solved by the setting up of a government of national unity which includes all major political parties in the country, and unless that is done it is not going to be possible for South Africa to be able to address all its problems.

[Unidentified journalist] Do you [words indistinct] president of South Africa?

[Mandela] That is a question that is in the hands of the people of South Africa. If they want me to serve in that capacity it will be a great honor, but it's a matter to be decided by them. [end recording]

African National Congress President Nelson Mandela speaking to journalists at Sao Paulo airport in Brazil.

* Malan Discusses Debt Renegotiation Plan

91SM0412A Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jul 91 p 19

[Article by Getulio Bittencourt]

[Text] Brazil wishes to present its own proposal for the debt reduction renegotiation, which is nothing like the Brady Plan, Pedro Malan, leader of the country's negotiating team, said yesterday. He appeared to be contradicting his immediate superior, Minister Marcilio Marques Moreira, who stated a few days ago that Brazil would like a negotiation "menu" similar to that of Venezuela.

"If you compare all the negotiations under the Brady Plan, it is not right to say they are similar. Actually, they are all different," Malan argued. "And the plan itself is only an official recognition, in the address by U.S. Treasury Secretary Nicholas Brady, that reduction of the principle of the debt of developing countries is necessary and has the official blessing," he added.

Minister Marcilio has been leaning toward the style of the Venezuelan accord, which consists of a "menu" with 50 percent of the security instruments under the Brady Plan and 50 percent with other instruments, unlike that of Mexico, which calls for 100 percent of the security instruments under the Brady Plan. Is this new search for originality a change from the minister's initial discourse?"

"I talk frequently with Minister Marcilio on the subject," Malan explained. I spoke with him yesterday on the telephone. We have no differences regarding the matter. In mentioning the Venezuelan agreement, I think what the minister meant to say is that this was the accord that offered the most options for the commercial banks."

Malan observed that in his discussion with the banks—more than 17 of them in this 12-day trip, with stops in Tokyo, Frankfurt, Paris, and London, in addition to New York—their impression of the Brazilian "menu" was becoming firmer.

"There is a great diversity of interests among the banks, which do not simply speak for the respective countries. Even within each country, in the same accounting and regulatory context, different banks have distinct strategies with regard to the various debtor nations," Malan said. "Hence there is a demand for instruments that allow this diversity to be expressed in a positive way."

Arminio Fraga, the new director for the foreign area, used an example to illustrate the idea. "It is as if you were attempting to sell a medium-sized suit to a group of people anywhere from 2 meters to 1.5 meters tall. It is not their size, so they are not going to pay very much for it. The idea is to go to the meeting with suits of three sizes: small, medium, and large, to make the most of each situation."

Later, in response to another question, Malan said that the Brazilian Government's orientation with regard to opening up the nation's economy to international investment and, in this context, to solving the foreign debt problem "has not changed at all. The proposals that President Collor made in his inaugural address still hold good. In the case of the debt, this means coming to a speedy agreement, good for both parties, without sacrificing economic growth or imposing more sacrifices on the people."

Style

They began yesterday's press conference in the same style as that of the conversations they have had with some 600 bankers in the other capitals which they have visited. Ambassador Jorio Dauster, who concluded the

agreement regarding the deferred interest payments, gave a brief introduction and gave the floor to Pedro Malan. It fell to Malan and Fraga to respond to questions, while Dauster put in comments from time to time.

Malan gave a quick accounting of the trip to present the agreement on interest payments to the bankers. "We sought to demonstrate the commitment of the Collor administration to promote the integration of the Brazilian economy with the world economy," he explained. "And, as Arminio Fraga pointed out to the bankers, these are not merely words, but deeds. We asked them to pay heed, not just to what we are saying, but to what we are doing."

In his specific case, the new negotiator said he tried to show that "the orientation of President Collor and of Minister Marques Moreira is to place the foreign debt negotiation within the stabilization program, and not in a sealed compartment. This is relevant because of the distortion created by the fact that, in Brazil, 80 percent of the revenue in hard currency is generated by the private sector and about 90 percent of the debt is that of the public sector or is underwritten by the latter."

In addition to the conversations with the bankers, the Brazilian team made contacts with official organs—the Ministry of International Trade (MITI), the Bank of Japan, and the finance minister, in Tokyo; the Central Bank in Frankfurt; the Bank of France and the Secretariat of the Treasury, in Paris; the Bank of England in London; and the Bank of New York, in a conversation with Gerald Corrigan yesterday morning.

"There is a recognition that Brazil is doing what it said it was going to do," said Ambassador Dauster. "Last year, after a long period in which payments on the foreign debt were suspended, there was a certain amount of animosity. The climate has changed now."

On separate occasions, both Malan and Dauster mentioned, as among the recent positive developments, the deposit of the Euro-bonus of $250 million for Petrobras [Brazilian Petroleum Corporation], last Wednesday in London, by the Chase Investment Bank. Arminio added that this year Brazil has taken in another $2 million in "commercial paper" in the international financial market and he promised to divulge a detailed table very soon.

Changes

According to Malan, the round of talks revealed a "change in the perception of the bankers and the group of the seven rich countries regarding the debt. I recall that three or four years ago, when I was at the World Bank, the expression 'reduce the principle of the debt' was taboo. Today it is accepted by the industrialized governments."

He added that in the debt negotiation that will start at the beginning of August, the government could obtain resources to buy dollars and meet its domestic commitments by printing money, by an increase in taxes, or by borrowing, but these three options have their limits. Printing money drives up the inflation rate, borrowing negates the interest rate as an instrument of monetary policy, and increasing taxes places a greater burden on the society.

None of them went into detail, but it is known that the different capitals which they visited had their separate interests. In Tokyo, it became clear that the Japanese bankers considered themselves mistreated by the Central Bank's bureaucracy. They are not serious complaints, but they indicate a need for greater diplomacy.

The Germans want the instruments of debt conversion to be used for investment in the country and wants special treatment for some provisions in the country's agreement with the banks in 1988 that were never implemented by the Sarney government (new money trade, cofinancing, and PFA [expansion not given]). The French banks talk the most openly about reduction of the debt principal, followed by the English. And in the United States, there are two large banks which take positions very similar to that of the new team.

* Efforts Under Way To Attract Soviet Scientists

* Scientists Wanted

91SM0412F Rio de Janeiro O GLOBO in Portuguese 9 Jul 91 p 16

[Article by Mario Chimanovitch]

[Text] Tel Aviv—Brazil is preparing a great effort to attract thousands of Soviet scientists, Jewish or otherwise, to the country; their employment would be financed for at least two years. The report appeared yesterday in the Tel Aviv newspaper HEARETZ, which added that the Brazilian Government would guarantee $100 million in funding for the program. Professor Yuval Ne'eman, Israeli minister of science and technology, admitted that he was extremely concerned about the report.

In a front page story, the newspaper named Sebastiao de Rego Barros Nelo, Brazil's ambassador to the Soviet Union, as its source. He revealed that entry visas for Brazil would be facilitated for scientists who wished to emigrate, and said he believed that a large number of candidates would take advantage of the offer, since visas for the United States—the country most sought after by the Soviet emigrants—are very difficult to obtain.

HEARETZ did not supply any further details about the plan, but said it was drafted by the Secretariat of Science and Technology, with federal resources, and that the country would welcome any scientist who wished to immigrate, regardless of his religion or race. In other words, Jews would also be welcome. The newspaper did not specify what specialties were of interest to Brazil.

The publication of the report caused alarm in Jerusalem, to the point that Professor Ne'eman stressed that perhaps now the Israeli Government would understand the urgency of his appeals to allocate large sums to absorb immigrating scientists.

"Israel is going to lose immigrants endowed with exceptional minds and a great number of them will end up immigrating to the American continent," he lamented.

* Project Confirmed

91SM0412G Rio de Janeiro O GLOBO in Portuguese 9 Jul 91 p 16

[Text] Brazil—Jose Goldemberg, secretary of science and technology, confirmed yesterday that Brazil wants to attract university-trained Soviet citizens and high-level technicians interested in leaving the Soviet Union. Studies to this end are being conducted by the Secretariat of Science and Technology and the Ministry of Foreign Affairs, to create the support mechanisms to establish a colony of Soviet immigrants in Brazil.

According to information from the Brazilian Embassy in the USSR, 10 percent of the Soviet emigrants have a university education and 1 percent are physicians. In addition to scientists, the USSR also has a large contingent of high-level technicians, specializing in areas of interest to Brazil, such as agronomy.

According to one of Goldemberg's advisors, the plan to import Soviet technicians and scientists is still under study and there is no provision for funding the project.

* No Jobs in Israel

91SM0412H Rio de Janeiro O GLOBO in Portuguese 9 Jul 91 p 16

[Text] Tel Aviv—It may be difficult to believe, but the night watchman at the Physics Department of the Ben Gurion University is a renowned Soviet Specialist in molecular biology. The man who sweeps Simekin Street in Tel Aviv every night is another Soviet, whose work in geology has been recognized in European study centers.

There are other examples, such as the orthopedist from Kiev who washes cars in the center of Tel Aviv, or Alex Sromin, 29, a specialist in robotics. Modestly, he says he is lucky. He at least has found a job that is compatible with his area of expertise; he works in a household appliance repair shop.

Actually, Israel already has the second largest concentration of Soviet brain power in the world. Last year alone, 3,500 scientists arrived from the USSR and another 400 have landed here since January. The immigration of Soviet Jews to Israel is the largest wave of migration in current history. By 1993, they will number 1 million.

* BNDES To Invest Funds in Privatization

91SM0412E Sao Paulo O ESTADO DE SAO PAULO in Portuguese [Economic Section]6 Jul 91 p 4

[Text] Rio—After resisting the idea for more than a year, the government has concluded that it will have to spend money to privatize companies. The National Bank for Economic and Social Development [BNDES] has set aside $27.7 million (8.8 billion cruzeiros) to straighten out the financial situation of Mafersa [Railroad Materials Factory, Inc.] and Cosinor (Northeast Steel Company). Eduardo Modiano, president of the bank and of the directing commission of the National Privatization Program, said that the Celma Electromechanical Company would be auctioned on 15 October.

Modiano said the value of Mafersa, which he did not reveal, was smaller than its debt ($50 million, or $15.95 billion cruzeiros). Without a financial housecleaning, the state company will not find a buyer. The BNDES issued CDB's (bank deposit certificates) in the amount of $21 million (6.7 billion cruzeiros) and delivered them to the state company's creditors. The remaining debt was renegotiated, at an average discount of 25 percent.

In the case of Cosinor, the BNDES allocated $6.7 million (2.1 billion cruzeiros) to sustain the company's operations until it is sold. Sergio Zendron, director of the bank, admitted that this money would not be recovered. The state company is currently $6 million (1.9 billion cruzeiros) in debt, which has already been renegotiated for a longer payment period.

The reorganization of the Mafersa, Cosinas, and Piratini Refined Steel companies required a total expenditure of $114 million (36.36 billion cruzeiros). There was a "squaring of accounts" in the amount of $86.3 million (27.5 billion cruzeiros), in which most of the debt of these three companies disappeared, because they were in debt to companies that owed money to the federal government.

An example of this "ring-around-the rosy" occurred with Piratini Refined Steel, which was in debt to a bank that owed money to the BNDES, which had to integrate capital in the Usiminas (Minas Gerais Iron and Steel), which owed money to Piratini. In this squaring of accounts, $35 million (11.16 billion cruzeiros) in liabilities were erased from Piratini's books. The state company still owes another $35 million to various banks.

According to Zendron, the squaring of accounts in all the companies shows that the government does not have the assets that it thought it had. Mediano explained to representatives of the government, industry, and the financial market the various phases in which the companies that are to be privatized find themselves today.

He added that on 20 July, Francisco Gros, president of the Central Bank, and BNDES director Octavio Tourinho [as published] would be in Japan to conclude negotiations with the Kawasaki Steel Group, which holds 5 percent of the shares of the Tuberao Steel Company (CST), which is being privatized. Kawasaki

has the right to preference in the purchase of shares, by agreement with the shareholders, but the law which governs privatization states that foreigners may hold no more than 40 percent of the capital of a company that is put up for sale.

* Japanese Await Reform Results To Invest

91SM0412D Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jul 91 p 1-14

[Article by Andrea Fornes]

[Text] The Japanese businessmen are awaiting the results of the economic reforms in Brazil to decide whether or not to resume investments, FOLHA was told by Kiazuhide Ito, of the Department of Economic Cooperation of the Keidanran (Federation of Economic Organizations of Japan).

"After a little more than a year, the assessment is that the reforms have not be as effective as the Japanese had hoped. Brazil seems to be moving in the right direction, but it is too early to say if it will achieve good results," Ito said.

According to Ito, interchange between the two countries could come about in the automotive, telecommunications and informatics sectors. Since Latin America is currently out of the picture, Japanese investment has been diverted to Asian countries (including Thailand, Malaysia, and Indonesia) and to Eastern Europe.

Japan's commercial interchange is distributed geographically as follows: North America (43.8 percent), Europe (19.1 percent), Asia (15.3 percent), and Latin America (13 percent). In this last region, Mexico, Chile, Venezuela, and Colombia have priority.

In addition to the restriction of private investments, Brazil has also had its line of credit with the Eximbank (Export-Import Bank of Japan, a government institution) cut off because of the impasse over the foreign debt.

Two years ago the bank began to consider the concession of a loan of almost $1 billion for three Brazilian projects (export credit through the Bank of Brazil and the BNDES [National Bank for Economic and Social Development], construction of a thermoelectric plant in Sao Paulo, and railway transport in Fortaleza). Since the liberation of funds was tied to an agreement with the International Monetary Fund (IMF), the Brazilian Government has yet to see the money.

The Japanese investments will not be making the return trip to Brazil until the impasse over Brazil's foreign debt (estimated at $118.2 billion, the largest in the world) has been solved. To become an attractive market again, the country must negotiate the debt with the international financial community and show that its reforms are successful.

Unlike Mexico and Venezuela, for example, Brazil will not benefit from the 20 million yen that the JAIDO (Japanese International Development Organization) has available in its budget this year. The organization invests these funds in projects in developing countries through the creation of "joint ventures" with local companies.

JAIDO president Shinichi Yufu, 67, said that among the subsidiaries installed in Brazil, there was great disappointment. "They made a mistake. We have scheduled a new mission to the country for the end of this year, but there are no candidates that we can interest in it."

At the moment, according to Yufu, the Japanese are interested in agribusiness, more precisely in plantations of ginseng (a plant of Chinese origin with medicinal properties) and capybara farms.

"If Brazil cannot provide Japan with items that we need, there will be no exchange. The Brazilian Government cannot export if it does not import as well," said the president of the JAIDO.

Between January and November 1990, Brazil registered a positive balance of trade. Brazilian exports to Japan came to $2.2 billion and included basic products, semiprocessed metals, and soybeans. It imported $1 billion worth of products, primarily manufactured products, machinery, and electric and electronic equipment.

* Wellisch Views Tax Reform, State Debts

91SM0412C Rio de Janeiro O GLOBO in Portuguese 7 Jul 91 p 54

[Interview with Luiz Fernando Wellisch, national secretary of finance, by Silvia Fara, place and date not given]

[Text] By the end of this year, the Brazilian taxpayer could benefit from a radical reform of the tax system, which will simplify his life significantly. In an interview with O GLOBO, Luiz Fernando Wellisch, national secretary of finance, said that studies are being conducted regarding the reduction of the "paraphernalia" of more than 30 different imposts and taxes to about six federal taxes, which currently account for 90 percent of the tax revenues. But he warns: the reduction of the tax burden will depend on the model of state that the society wants, because it is financially impossible to maintain that model intact.

Given the Treasury's difficulties in financing the "megastate," which manufactures airplanes, builds roads, provides transportation, telecommunications services, and electric power, it is necessary to rethink fiscal policy (government receipts and expenditures). In the secretary's opinion, either the government must share responsibilities with the state and municipal governments, which were left with the major portion of the resources of the Union following the constitutional revision, or it must seek other sources of revenue to maintain the state machinery. In this context, it cannot afford to lose revenues in response to the pleas of the businessmen to lengthen the period for tax collection without correction.

He proposes a broad discussion of the administration of the taxes on the aggregate value (final price) of goods and services, such as the state ICMS [State Merchandise Distribution Tax]. Like the Federal IPI [Manufactured Goods Tax], the ICMS has a bearing on the formation of prices, on the cost of investments, and hence on the competitiveness of the domestic product. For this reason, it should remain under the control of the Federal Government, which is responsible for economic stabilization, since the states are more interested in generating revenues, without any major commitment to combat inflation.

The Economic Ministry should promote a broad, overall negotiation of the debts owed by the states and municipios to the federal government and its institutions. The objective, according to Wellisch, is to bring the finances of all the spheres of government into line with their respective capacity for payment. For this reason alone, it is necessary to reexamine the legal and contractual obligations between creditors and debtors, including the federal union. According to Wellisch, everyone must do his part for economic readjustment, so the country can resume the path to development, with competitiveness.

[Fara] Is fiscal policy threatening to get out of control?

[Wellisch] Considering only the financial analysis, we already have problems, which are aggravated by the new legal factors that may arise. If the collection of the TR on fiscal obligations is legally contested, it would have a devastating effect on revenues, on the order of 10 percent of the estimated 1.2 trillion cruzeiros a year.

[Fara] Is it possible to relax the deadline for the payment of taxes?

[Wellisch] I don't see how. We have even adopted a percentage for the correction of fiscal obligations, because of the necessity to de-index the economy. In February we initiated a project, replacing the defunct BTN [National Treasury Bonds] and BTNf [Fiscal National Treasury Bonds] with the TR [Reference Interest Rate] and TRD [Daily TR], as an approximation of indexation for tax relations, but the correction is being contested in the courts and we have been forced to cut it short. This could have placed a larger burden on some taxpayers than on others, which was not our intent.

[Fara] You say that some taxpayers could have been affected more than others?

[Wellisch] The individual taxpayer was affected more, because the tax was withheld at the source and it had the effect of immediate deposit. We would like to maintain the percentage of the TR as a substitute for indexation this year and enter 1992 with different rules.

[Fara] Isn't the stronger fiscal effort promoted by the government a drain on the source of financing for public services?

[Wellisch] The society demands public services, but it does not want a bigger tax burden and a multiplicity of imposts and taxes. We have to know what the public really wants and what portion of the taxes should go to finance this expenditure.

[Fara] This discussion leads to two controversial issues. Tax reform, strictly speaking, and the redistribution of the responsibilities of the state, which were not defined in the Constitution....

[Wellisch] Today the society and the Treasury are both anguished about the tax system. The people expect the state to fulfill its role, but the funds are inadequate. When you talk about fiscal reform, you are talking about reform both with regard to public revenues and expenditures. We have to harmonize the tax policy with the economic policy of the country, with a view to modernizing the economy.

[Fara] So the objective is to rationalize the procedures and costs and not to reduce the tax burden?

[Wellisch] The tax burden will be reduced if society wants to alter the role of the state, reducing its responsibilities. You cannot look at the state just as the provider of health, education, justice, and housing, because the state is also involved in manufacturing planes, in building roads, in maritime transport lines, in supplying electric power, in fuels, in telecommunications.... All this takes capital.

[Fara] What is the government's idea for simplifying the tax system?

[Wellisch] We have a paraphernalia of imposts and taxes, but actually we could sum them up in five or six taxes (Income Tax, IPI [Manufactured Goods Tax], IOF [Financial Operations Tax], Finsocial [Social Investment Fund], and the PIS/Pasep [Social Integration Program/Civil Servants Welfare Fund]) which represent 90 percent of the tax revenues. The rest are simply to torment the taxpayer and to finance the mega-state. At the state level we have the ICMS, and the municipios have the IPTU [building and land tax] and the IVC [Sales and Consignment Tax].

[Fara] So it is possible to eliminate the less significant taxes?

[Wellisch] At short range, we are going to try to eliminate as many as possible, since we have 30 or more taxes.

[Fara] What is the challenge at medium range?

[Wellisch] The most ambitious path, which is to couple tax reform with the economic reforms to improve competitiveness, foreign trade, and the financial system. In this broad-reaching reform, we would be working with other areas of the government. We will see what is wanted of this state.

[Fara] Would this project include a redistribution of the responsibilities of the federal government and the states, for example?

[Wellisch] Certainly. The constitutional reform is scheduled for 1993. Who knows, the congress might think some type of revision would be appropriate before then. It is a discussion in which the legislative branch has a decisive role, involving government technicians, academics, businessmen, and representatives of the state and municipios in a discussion of the responsibilities of the federal union, the states, and the municipios.

[Fara] Can you combine this discussion with the proposal to revise the tax system, which also involves other spheres of government?

[Wellisch] I think that having the state administer the taxes on the aggregate value (final price) is problematical, because this is an important instrument in combating inflation or stimulating certain sectors. The federal government has the IPI to set prices or industrial policy, for example. The states have no responsibility for economic policy. So we are looking at a tax system that is inconsistent with combating inflation.

[O GLOBO] Would this mean placing all the taxes under a single administration?

[Wellisch] After having spent three years taking part in meetings of the Confaz (National Council for Finance Policy), which includes the state secretaries of finance, and now, as the coordinator of these meetings, I am absolutely convinced of the enormous problem in leaving the administration of this type of tax to the states.

[Fara] The states are certainly not in favor of this proposal....

[Wellisch] Of course not, and with reason. We will have to come up with a tax system that, at the state level, would have a direct tax, because the tax on the aggregate value is difficult to administer and this type of tax is rarely seen anywhere in the world.

[Fara] Politically, is this a good time to propose changes, seeing that the state administrations are in need of federal aid?

[Wellisch] This is an issue that is both sensitive and curious, because the states asked for tax reform in the Constitution, which was established, it is first, and the states are still presenting enormous financial problems. Today it is the government that should be asking the states for funds, because, after all, the revenues were transferred from the federal union to the states and from the states to the municipios.

[Fara] And the states are proposing to federalize their debt?

[Wellisch] As the administrator of the resources of the federal union, I view the proposal with some surprise, because it comes from the four wealthiest states in the union (Sao Paulo, Minas Gerais, Rio de Janeiro, and Rio Grande do Sul). Since I see the federation as something like a condominium, I find this peculiar. It is as if residents of apartments of different levels of sophistication had to pay the same condominium rate, which would disgruntle the poorer residents.

[Fara] But the states' debt situation will have to be resolved....

[Wellisch] We have a proposal for the overall treatment of the problem, because we see no sense in or possibility of individualizing the relationship of the federal government with one or another state.

[Fara] But wouldn't this penalize the state governments that have already been making an effort, such as those of Ceara and Espirito Santo?

[Wellisch] No, because the payment capacity of each administration would be respected, to make the financial housecleaning work, by calculating the bill and dividing it up. Since most of the debts are owed to the federal government, we are going to ascertain the volume of financial charges and negotiate them in accordance with the state and federal needs.

[Fara] How will you treat the debts owed by private companies, such as Vasp [Sao Paulo Airlines], Transbrasil, and Avibras [Avibras Aerospace Industry]?

[Wellisch] We are going to collect them in cruzeiros. The case of Vasp, which has gone over from the public to the private sector, will require legal analysis, because the underwritten debt was contracted when Vasp was a state company.

* BC Prepares New Measure To Promote Imports

91SM0412B Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jul 91 p 1

[Article by Maria Clara R.M. do Prado]

[Text] The Central Bank [BC] is preparing a new measure to facilitate imports. It intends to permit the payment of interest on imports contracted for a period of less than 180 days and more than 90 days, which today, for all intents and purposes, are considered as purchases on demand.

By the rules in force, any financing cost within that period must be included in the final price of the merchandise, preventing the importer from seeking financing with the banks.

This restriction is considered unnecessary. "It makes no sense not to permit the payment of interest for imports of up to six months when, internationally, operations within this period (between 90 and 180 days) are no longer entered in the books as imports on demand," said Gilberto Nobre, chief of the Decam (Exchange Department).

However, it is difficult to assess the impact that this measure will have on the volume of imports.

The government has already taken various steps to encourage importation. It eliminated the requirement of

financing for imports above 180 days; it has permitted the importer to conclude the exchange contract up to 45 days before shipment; and it has reduced the import tax aliquots and has eliminated Appendix C with the list of consumer goods, most of which it was forbidden to import. Nonetheless, imports have remained at virtually the same level since May of last year.

The Central Bank statistics on the movement of exchange contracts for imports indicate that in 12 months, to the end of June, they totaled $19.579 billion, showing only a 2.3-percent variation from the 12-month period to the end of July 1990. The major increase observed in imports occurred between the end of 1989 and the early months of 1990, when these operations shot through the ceiling. For June, it is forecast that the cost of financing imports will come to $1.432 billion, very close to the figure registered in May, after reaching $1.8 billion in April.

There is always a lag of about 30 days between the import exchange contract and the actual receipt of the product, as entered in the country's balance of trade, but the same behavior is detected in a statistical series over a relatively significant period.

Expenditures on imports have not added any troubling weight to the balance of payments. Professor Winston Fritsch, of the Pontifical Catholic University (PUC) of Rio de Janeiro, an expert on foreign trade and industrialization, feels that it will not show up very early. "The liberalization of importation is not a factor that should cause any alarm for the future, because the exchange pressure, at least for the next six to 12 months, will not be there," he said. According to Fritsch, the payments related to the foreign debt will have greater weight.

Fritsch said that the behavior of imports will depend on economic recovery and on the speed with which investments are resumed. He noted that for each percentage point of increased use of the productive capacity, there is an increase of about 3 percent in the importation of capital goods, but, and particularly, he does not expect any sustained growth in the next 12 to 18 months.

The recession is the principal factor in the low level of imports. The importers will have to confront a barrier that up to now has been difficult to surmount: the problems in obtaining foreign financing. "Until we reach an agreement with the International Monetary Fund (IMF), Brazil will continue to be a high risk and the importer's prospects of access to financing will be small," said Decam chief Gilberto Nobre.

Chile

Teitelboim Says Party To Quit Marxism-Leninism

PY0508024691 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 5 Aug 91

[Recorded portions by Communist Party of Chile President Volodia Teitelboim in quotation marks]

[Text] During a national conference to be held in November, the Communist Party of Chile [PCCh] will approve its new bylaws, which will no longer take Marxism-Leninism into account.

PCCh President Volodia Teitelboim said they also are discussing a new program that rules out the dictatorship of the proletariat and violent methods to seize power.

Teitelboim described the communist renovation as a great quest to come to terms with a rapidly changing world. He added that this process already started during the 15th PCCh Congress held in 1989. A highlight of this process has been the legalization of the PCCh, and its objective to be fully integrated into political life. Old principles also have been questioned.

"For instance, we have questioned for some time the concept of the dictatorship of the proletariat. We consider it to be a narrow concept, especially in a modern society. Although the workers represent a fundamental driving force, we also must take into account middle-class sectors, intellectuals, technicians, and professionals, that is, all those who are working to promote progress in a country. Thus, the concept of the dictatorship of the proletariat has become obsolete."

The PCCh grass roots currently are discussing a new program and bylaws.

"An ideological concept that does not mention Marxism-Leninism is being proposed. It upholds that the party seeks humanist, scientific values."

The draft bylaws do not just quote Marxist thinkers but also progressive intellectuals.

"Because in the final analysis, a party cannot hang on to a narrow formula as an infallible, eternal, and unchangeable principle, because a party is not a religion. A party has to respond to reality, which changes every day."

The program is an extensive document that, in Teitelboim's opinion, will not be a rigid system; nor will it institute a new dogma or an absolute truth, but an approximation of reality that will be instrumental in helping the people achieve true democracy.

"Regarding the subject of violence, the new draft program states that communists seek to build a society free of every form of violence. Thus, this concept is not a tactical or temporal one. It responds to a deep-seated desire and becomes a principle that I regard as paramount."

Finally, Teitelboim said the PCCh does not promote the armed method to seize power and emphasized that power must be seized through a majority decision in the ballot boxes.

Strike Paralyzes El Teniente Copper Mine

PY0308205891 Santiago Radio Nacional de Chile Network in Spanish 0030 GMT 3 Aug 91

[Text] A strike by 8,000 workers at the El Teniente copper mine in Rancagua continued today. The smelting shop has not operated for over 24 hours, and the mine has been totally paralyzed except for emergency services. The paralyzation affects all production levels at the mine. There are 8,000 workers on strike.

The Labor Directorate announced today that the strike is legal. As for the salaries workers receive at this mine, it has been reported that they range from 64,000 pesos for an assistant worker to 209,000 pesos for a grade-18 engineer.

Mine union leaders said today that the company engaged in an unfair practice by suspending local Isapre [Institute of Public Health and Preventive Medicine] services. Today, 5,600 mine workers were to vote on whether to approve or reject the latest proposal by Codelco [Copper Corporation] in the collective bargaining process.

Colombia

Justice Minister Resigns To Practice Law

PA0508175591 Bogota Inravision Television Cadena 2 in Spanish 1730 GMT 5 Aug 91

[Text] The resignation of Justice Minister Jaime Giraldo Angel will be made official in the next few hours. This is an irrevocable resignation. Liberal Fernando Carrillo Flores, former Constituent Assembly member and current member of the Legislative Commission, is among the candidates to replace him.

President Accepts Resignation

PA0508194191 Madrid EFE in Spanish 1902 GMT 5 Aug 91

[Text] Bogota, 5 Aug (EFE)—Colombian Justice Minister Jaime Giraldo Angel today presented his resignation to President Cesar Gaviria, who accepted the resignation, Radio Cadena Nacional (RCN) has reported. The station added that Giraldo irrevocably resigned to devote himself to his law practice.

The person with the greatest possibility of replacing Giraldo is 29-year-old attorney Fernando Carrillo, former presidential adviser on constitutional affairs, who was called by Gaviria to an urgent meeting at Narino House, site of the Presidency.

Giraldo, a 60-year-old conservative lawyer, resigned two days before the first anniversary of holding the post, which he has held since the inauguration of the Gaviria administration on 7 August 1990. As minister, Jaime Giraldo was one of the promoters of the process for the surrendering of drug traffickers and the strengthening and modernization of the Colombian judicial system.

He had made known to Gaviria his decision to resign several weeks ago and according to the Bogota newspaper LA PRENSA, he will be appointed to a diplomatic post. Several radio networks have reported that he will be appointed to one of the local high courts.

Giraldo Answers Questions

PA0508213891 Bogota Radio Cadena Nacional in Spanish 1922 GMT 5 Aug 91

[Interview with Justice Minister Jaime Giraldo Angel by unidentified reporters at the Narino House in Bogota—live; broadcast in progress]

[Text] [Giraldo] ...because I had told the president a long time ago that I intended to join the Higher Council for the Administration of Justice [Consejo Superior de la Administracion de Justicia] and that this aspiration was not compatible with my position as minister. The president understood the reasons and he and I agreed that I would submit my resignation on 4 August. That is what I have done.

[Reporter] Minister, is it not true that it is because of disagreements over the current policy on the drug traffickers' surrender?

[Giraldo] Not at all. You know that the president's policy in this regard has been very successful from the beginning and, therefore, there can be no disagreement about it.

[Reporter] Fernando Carrillo Flores has been mentioned as your successor. Is this true?

[Giraldo] I do not know. That is up to the president.

[Reporter] Did the president agree with your resignation?

[Giraldo] Well, I explained it to him some days ago. I want to join the Higher Council for the Administration of Justice or the Higher Judicial Council [Consejo Superior de la Judicatura] because I think it would be good to be able to finish a task at the operational level that I began at the juridical level. The president said that he thought it would be good, if I had such an aspiration.

[Reporter] Has there been any pressure, disagreements or so forth?

[Giraldo] How could you think such a thing? The president and I drew up the policy, so how could it cause tension between us?

[Reporter] Mr. Minister, are you satisfied?

[Giraldo] Yes. As I leave, I am very happy because I have already established the standards for the development of justice. I want to see justice move now.

[Reporter] What did President Gaviria tell you when you gave him your resignation?

[Giraldo] I expressed my intention to resign to the president 15 or 20 days ago. I have felt compelled to resign since that time because I think it was very delicate for me as justice minister to run for a post at the Higher Judicial Council. At that time, I reiterated to the president my intention to resign. I finally made him understand that it was necessary for me to resign, so we both agreed.

[Reporter] What is your main objective at the Higher Judicial Council?

[Giraldo] I come from the judiciary branch. I was responsible for organizing the judicial career service. Later, I organized the judiciary's budget process. Now I want to take part in the development of the judiciary branch because there is constitutional grounds for the administrative organization of the judiciary and we have legal statutes, which we prepared together with the council of state, in place. I am going to present the legal statutes to the Special Commission [not further identified] for approval very shortly. I love the judiciary very much. I think that I have a great deal of experience in this area. It has been my hobby and I want to culminate my work with this task.

[Reporter] Mr Minister, are you satisfied with what has been done so far? For example, are you happy to see Pablo Escobar Gaviria and several other members of the Medellin Cartel behind bars?

[Giraldo] No. That is secondary to the job that I have done here. I think the most important thing was not to bring cartel members, particularly Pablo Escobar, to face justice. I think that there are many other important things.

First, we managed to modify the concept of justice. Subsequently, such a concept will not be limited to the administration of justice by the judges, but it will allow everyone to participate in the justicial process. This constitutional reform is very important. I believe the most important reform I could have made was the creation of conciliation and arbitration centers, and the participation of administrative entities in the justice system, as this is going to set the country's pace for a new institutional development in the field of justice. I should also mention the restructuring of everything to do with the investigative process—to have created the General Prosecutor's Office, to have developed new instruments to fight crime—this is also very important. Third, to have given administrative autonomy to the Justice Branch budget. These are the things that give me satisfaction—things that are simply at a normative level. I consider myself a pragmatist and believe that my work cannot just end there; that is why I want to retire to continue this work to see how the Judicial Branch handles this administrative and budgetary autonomy.

Fernando Carrillo Named New Justice Minister

PA0608013091 Bogota Inravision Television Cadena 2 in Spanish 0002 GMT 6 Aug 91

[Interview with newly appointed Justice Minister Fernando Carrillo by Maruja Ponton on the steps of Narino Palace in Bogota on 5 August—recorded]

[Excerpt] [passage omitted] [Ponton] Dr. Carrillo, are you the new justice minister?

[Carrillo] Yes I am, and for me this is a great honor. Undoubtedly, this is the greatest honor I have ever received. [passage omitted]

Roundup of Guerrilla Attacks Nationwide

PA0208160691

[Editorial Report] Bogota EL TIEMPO in Spanish on 18 July publishes on page 4-A a 600-word report on terrorist activities in Narino, Cauca, Putumayo, and other departments. The report states that members of the Simon Bolivar National Guerrilla Coordinating Board (CNGSB) destroyed a power plant in northern Narino, dynamited a small oil well in Putumayo, and kidnapped four Agrarian Fund regional directors in Cauca. The report also states that three soldiers from the "Granaderos" Counterinsurgency Battalion No. 4 were killed in Cesar during clashes with the CNGSB, and the bodies of four guerrillas were found in Antioquia. Also in Antioquia, the police broke up a Revolutionary Armed Forces of Colombia (FARC) financial network, capturing four of its members and seizing a large cache of weapons. They also dismantled an Army of National Liberation (ELN) shelter where explosives and antiaircraft weapons were hidden.

The EL TIEMPO report goes on to state that army troops came across a Cessna airplane and a truck that had been set on fire in Caqueta. It also states that "Vicente Borrego Mejia, a liberal councilman from Riohacha who was held hostage for 25 days by a dissident faction of the Army of Popular Liberation (EPL), delivered three guerrilla communiques to the governor of La Guajira, the mayor of Riohacha, and the Association of Cattle Breeders." The report also states that the CNGSB burned the police headquarters and sacked the IDEMA [Agricultural-Livestock Marketing Institute] in Tello, in Huila Department; set off dynamite in the City Hall at Florida Municipality, in Valle Department; and released three soldiers they had kidnapped on 29 May.

EL TIEMPO on 22 July carries a 110-word report on CNGSB activities on pages 1-A and 12-A. The report states that army troops killed five CNGSB members in Chipaque, Cundinamarca on 21 July as they attempted to blow up a utility pole. The same newspaper also publishes a 75-word report on page 12-A, which states that two FARC guerrillas were killed and several of their weapons seized on 21 July during a clash with the Antonio Narino Battalion near Puerto Libertador in Cordoba Department.

Bogota EL NUEVO SIGLO in Spanish on 23 July publishes a 120-word report on page 7, which states that in clashes on 22 July with FARC forces in Meta Department, the army killed 14 rebels and captured 18.

Madrid EFE in Spanish at 0106 GMT on 30 July reports that on 29 July, one member of the ELN was killed in a clash with army troops in Barrancabermeja, Santander Department; in the same area, the army seized weapons, ammunition, explosives, and war material. The report also states that two other rebels from the FARC were killed in clashes in Tame, Arauca Department. EFE concludes its report noting the army's discovery on 29 July of two camps in Santander and Boyaca Departments, where the rebels stored weapons and food.

The Bogota Radio Cadena Nacional newscast in Spanish at 1200 GMT on 31 July stated in a two-minute report that six guerrillas were killed by military troops in Arauca, Bolivar, and Santander Departments; six members of the CNGSB were captured in Tierra Alta, Cordoba Department; and the remains of three unidentified men were found in Turin, Valle Del Cauca Department. Meanwhile, the police inspector in Sabana de Torres and her husband were murdered, as was a former councilman in Cesar Department; three people were kidnapped; and three French engineers held by the CNGSB were released. In La Sierra, Cauca Department, the report states, five Agrarian Fund employees the guerrillas had kidnapped were released.

Bogota Inravision Television Cadena 1 in Spanish at 0000 GMT on 1 August broadcasts a two-minute report explaining why the guerrillas are surrendering voluntarily. The report cites the example set by other groups, the conviction that it makes no sense to wage a struggle that they cannot win, with the alternative of either returning to civilian life or being criminals, subject to internal conflicts and feelings of isolation.

To conclude, Bogota Radio Cadena Nacional in Spanish at 1200 GMT on 1 August broadcasts a one-minute report on the murder of three people in Medellin's San Javier neighborhood on 31 July by paid assassins. Among the victims was a two-year-old girl.

* Pastrana Resignation, Son's Prospects Assessed

91SM0402A Bogota SEMANA in Spanish
18 Jun 91 p 26

[Text] "I register my complete and total opposition to the eight months of dictatorship agreed upon in a document to be signed by the president himself." With these words Misael Pastrana Borrero, former president of the Republic and undisputed leader of the Social Conservative Party [PSC], resigned the seat he had occupied for nearly four months in the Constituent Assembly. The move by former chief executive caught everyone by surprise a month before the Assembly's scheduled adjournment in the final stages of constitutional reform. Several interpretations of the event surfaced immediately. They ranged from spite at not being consulted about the pact signed in the home of Narino to indignation at what he regarded as a broken promise.

There is some truth in both interpretations. Pastrana is not given to subordinate roles, but he had to settle for minority treatment after his party's poor showing at the polls. More than his status as a former president, what counted against him in the assembly were his six votes in a sea of 75. This would have been hard for any former Colombian president to take, but, given his personality, it was a particularly bitter pill for Pastrana.

Even so, the ex-president managed a moment of adversity with great dignity. Like any other delegate he marked his time card, took floor questions, and let his vote be counted when it was on the losing side. In fact, he was one of the best delegates because his prestige and lack of personal ambition made him a voice of reason throughout the process. Even his detractors admitted that, although his speeches were pompous, their contents were always very down to earth. The Social Conservative leader surprised colleagues by always being well informed and particularly by being abreast of constitutional history in a large number of countries around the world.

Although being treated as part of a minority may well have given him a complex, Pastrana was also right. Closing congress may have been a bow to political reality, but it nonetheless constituted a broken promise. The only signer who stuck to the original agreement not to cut short the terms of elected officials was Misael Pastrana Borrero. Upon winning support from the guerrillas and other minorities, the Gomez-Navarro coalition obtained a voting majority in the assembly and turned the dissolution of the legislature into a fact of political life. Although it had opposed this development, the Liberal Party had its back to the wall. Hence, it launched a round-about effort to put an adverse situation to the best possible use. The result was the agreement making delegates to the Constituent Assembly—but not members of the current legislature—ineligible to take part in elections. This formula neutralized the power of Navarro and Gomez to act as political bosses heading tickets in the first nationwide congressional elections.

The Pastrana formula was to put a democratic face on the decision to dissolve congress by submitting it to a referendum. But once the Liberals finished negotiating, Pastrana's demand left them in an awkward position. Since it was no longer possible for the voters to oppose closing congress, this was not a risk the Liberals had to worry about. What bothered them were the complications and the logistical problems raised by, among other things, calling for yet another election in a country already saturated by elections.

This may explain why Pastrana was not treated as head of an established party with a long history. Treating him as just one more delegate among 74 others compounded the controversy over handing dictatorial authority to a president imprudent enough to sign for powers he never requested. The end result was Pastrana's resignation.

Despite its justification and dignity, the resignation might have ended Pastrana's career as a leader with his own following. Paradoxically, indications are that it may end up doing just the opposite although Pastrana loyalists may turn less to the former president for leadership than to his son, Andres. Nobody planned it that way, but the younger Pastrana may turn out to be the main beneficiary of the machinations of his father's rivals. The confrontation between congress and the Constituent Assembly produced an agreement designed to keep Antonio Navarro and Alvaro Gomez off the ballot. By placing the same restriction on cabinet ministers, it also prevents Ernesto Samper from being a candidate. This stops every national political figure from running in the October election with one exception: Andres Pastrana Arango. As neither a minister nor a member of the Constituent Assembly, he can mount the hustings with the only nationally recognized name in a field of opponents whose reputations are nearly all regional. Since the new system allows nationwide vote gathering, Pastrana has every opportunity to score an electoral victory out of proportion to the strength of his party. Something similar happened in the Constituent Assembly elections when the names of Gomez Hurtado and Navarro produced results that distorted the realities of Colombian politics. Now Andres Pastrana will be doing the distorting. He is likely to emerge as the top vote getter among senatorial candidates despite the fact that the Social Conservatives won only nine percent of the vote in the Constituent Assembly race.

The latest survey by the National Polling Center [Centro Nacional de Consultoria] of Carlos Lemoine pits Andres Pastrana against Antonio Navarro, Ernesto Samper, and Alvaro Gomez. Only the head of M-19 [19 April Movement] came out ahead of Pastrana, who wound up in a virtual tie with Gomez and Samper. Since Andres is the only one of the four whose name will be on the October ballot, this is clearly his electoral chance of a lifetime. Although his immense prestige is largely based on being different from his father, Misael Pastrana will probably be the main beneficiary of his son's popularity. The PSC is certain to control a major congressional block and rebound from the humiliation it suffered at the hands of Alvaro Gomez and his followers in the last election. Thus, there is every reason to call the present moment in political history "the time of the Pastranas."

* Journalists Reject Right To Respond Provision

91SM0402B Bogota EL TIEMPO in Spanish 20 Jun 91 p 7A

[Text] Senior media executives rejected the text on the right to respond approved by the Constituent Assembly "because it violates freedom of the press and undermines the independence of journalists."

Several top media leaders voiced confidence that the clause would be omitted in the second round of voting. It gives opposition political parties and movements the right to respond "in cases of evident distortion or public attacks." Under the measure the reply to an attack would be "through the mass media outlet that produced it." Victims of distortion would have access to "government-regulated communications media in order to preserve equity in information."

Several leaders said the concept that ought to prevail is that the media are free but responsible. The leaders agreed that they should publicly acknowledge their mistakes but said a requirement to carry the replies of self-interested politicians is absurd.

Juan Gossain, news director of Radio Cadena Nacional (RCN) [National Radio Network], said some of the media articles were good. However, he said the Constituent Assembly was "lamentably wrong on the right to respond. It made the measure too general with no controls or limitations." He added that in other countries this right is supposed to give opposition parties a way to defend themselves in mass media under government control. He said Colombia would be the first country to let all opposition politicians fill even the private media with their statements.

If the measure wins ratification in the second round, Gossain said, "it would mean that the communications media could not say there is corruption in Colombia, for example. Doing so would oblige us to accept false replies and rectifications."

Juan Pablo Uribe, director of EL NUEVO SIGLO, said the measure is "confusingly written. What makes an attack public or what is distortion?" The article has the apparent intention of safeguarding opposition parties from attacks and distortions in government-run media, he said, but he called the wording unwieldy.

He posed the question of who would pay for replies that took up several pages of a newspaper or half of a newscast.

Antonio Morales, director of "Noticiero de las Siete" [Seven O'Clock News], branded the measure "a stunt, a delaying tactic to determine the ideology of a piece of information." The right to respond would be used as a platform for political counterattacks on the press for maintaining a properly critical attitude, he said.

He added that the elimination of censorship by the constitution is also superficial because it does not keep reporters from being pressured and it does not remove the threat of harassment and murder. As positive developments, he pointed to guarantees of pluralism and steps to prevent monopolies.

Jose Salgar, co-director of EL ESPECTADOR, said it is absurd for the Constituent Assembly to have opened itself to such an attack after the article had gone down to defeat. He dubbed the measure a cheap shot by people with nothing to lose and said his paper would take a position on the issue today in its editorial "The Otaegutan's Answer."

Jorge Emilio Sierra, assistant director of LA REPUBLICA, said the measure lends itself to media abuse by politicians able to manipulate public opinion through the press. It will allow self-advertising by anyone who decides to feel "offended" by a published remark, he added.

The result, said Sierra, would be media unwilling to take a position for fear of having to run lengthy responses.

Alejandro Montejo, who directs "Noticiero Cripton" [Krypton News], called approval of the article "a slip-up on the part of the Constituent Assembly."

* Nontraditional Exports Exceed Coffee, Petroleum

91SM0402D Bogota SEMANA in Spanish 18 Jun 91 p 44

[Text] There is a bonanza in the country's foreign trade sector, but it is not in coffee as it was 15 years ago. Nor is it in petroleum as many thought it would be as a result of war of the Persian Gulf. This time the bonanza is in lesser exports if they can still be called that. In this year's first quarter, according to Incomex [Foreign Trade Institute] records, nontraditional exports surpassed the value of coffee and petroleum combined. Growth figures rose to an historic high.

Incomex reported that total nontraditional exports rose 23 percent in dollar terms. This means their growth in pesos was over 55 percent. Minor export growth was highest in the industrial sector where it rose at a rate of over 41 percent in dollars and 75 percent in Colombian currency.

The size of these figures makes them seem exaggerated, and this might be so since the data comes from Incomex records rather that actual exports. But the fact is the numbers are completely consistent with information previously provided by the companies themselves. The April newsletter of the Medellin Stock Exchange published a table of exports during the first quarter by 40 of the companies whose stock it trades. The table shows that foreign sales by the 40 companies grew 43 percent in pesos in comparison to the same period a year earlier. Excluding the five sugar refiners, the other 35 firms logged an average gain of 70 percent, a figure consistent with those released by Incomex.

In addition, figures for the first quarter of 1991 simply confirm a trend that began in mid-1990. Customs manifests, which reflect the actual movement of exports, show that foreign sales of nontraditional products began their rapid increase in September of last year. They reached annual rates of 26 percent in dollars by December. Foreign sales of these products were $300 million a month over this period compared to an average of $180 million a month in 1989.

This explains, among other things, why returns on nontraditional exports have grown so much in the opening months of this year. Bank of the Republic figures indicate that by May earnings from "minor" exports totalled $1.327 billion for a 45 percent jump over the same period in 1990. Meanwhile, earnings from coffee and petroleum remained virtually stagnant.

Wherever analysts look, they see a bonanza in nontraditional exports due to two basic facts: economic opening and the money crunch. The former taught businesses to meet the challenge of international competition. The second drove them into foreign markets with highly visible results. "Businesspeople made up their minds and saw they could get it done," an international business expert told SEMANA.

Curiously, imports have not soared despite the government's easing of terms and a foreign-sector bonanza buttressed by unprecedented sums of capital flowing into the country through "left-handed tellers." The explanation appears to be a fact that can have a longterm effect on the export sector itself: the paralysis in investment for productivity.

In the first four months of 1991, total imports have grown only 11 percent. As this figure is broken down, however, it is clear that there has been a substantial drop in the importation of capital goods. Imports of consumer goods have actually increased 30 percent, and those of raw materials and semifinished products have climbed 18 percent. By contrast, imports of capital goods show a 10-percent drop.

This led the government to begin a special program last week aimed at increasing the importation of plant and equipment. It also accelerated its program of lowering tariffs on parts and raw materials that play key roles in international negotiations and domestic productivity.

The first measure taken in the government's Investment Promotion Program (PAFI) has two key elements. The first is that it sets aside $600 million for imports of capital goods. The second is total elimination of tariffs on capital goods imports and reduction of the surcharge on their purchase from foreign sources from 13 percent to 10 percent. This complements investment incentives by making imported raw materials and basic parts less expensive for industry.

The goal is to make sure that, if there is a bonanza, it is not wasted as in the past. Companies need incentives to keep them from resting on their laurels and neglecting to establish a continuing international presence. One expert told SEMANA: "When you start from zero it is not hard to grow. The hard part is maintaining growth." The only way to do this is to build up productive capacity and make better investments.

Peru

Army Reports 32 Shining Path Members Killed

PA0508221691 Madrid EFE in Spanish 2016 GMT 5 Aug 91

[Text] Lima, 5 Aug (EFE)—The Joint Command of the Armed Forces announced on 5 August that a total of 32

members of the terrorist Shining Path organization and two soldiers were killed in an armed clash in Huanuco Department in northern Peru.

The clash between a military patrol and a column of approximately 70 Shining Path members took place near Chavin de Pariarca and Jarcas Grande in Huamalies Province (Huanuco Department).

According to the military communique, the terrorists were preparing to attack peasant towns in the area.

The Army reported the following casualties: one sergeant and one corporal killed, three soldiers wounded, and two terrorists captured.

The Joint Command communique states that the Army seized from the Shining Path 3 FAL rifles with 5,000 cartridges, 10 shotguns, 9 hand grenades, 7 rifle grenades, and several documents.

'Power Groups' Threaten Coca Growers Leaders

PY0208220191 Lima EXPRESO in Spanish 23 Jul 91 p 8

[Excerpt] On 22 July, Alberto Lopez Maldonado, secretary general of the Upper Huallaga Coca Growers Organization, said: "We, the leaders of the coca growers, have received death threats from power groups who, together with drug traffickers and terrorists, seek to prevent at all costs the implementation of the coca alternative development program." He made this statement as he left the ILD [Institute for Freedom and Democracy], taking with him more than 150 "valid interlocutor" credentials that will be distributed to the peasants.

Lopez said that those who murdered peasant leader Walter Tocas are responsible for these threats. He added that during a meeting on 19 July President Fujimori said that he would ask the interior and defense ministers to implement security measures to protect the leaders of the coca growers.

Lopez stressed Fujimori's concern over finding the murderers of Walter Tocas, whom he described as "a martyr to the peasants who support the coca replacement program." [passage omitted]

Latin American Reserve Fund Grants Credit

PY0408203091 Lima LA REPUBLICA in Spanish 24 Jul 91 p 3

[Excerpt] On 23 July, the Latin American Reserve Fund [FLAR] approved a $403 million credit for Peru. This is the first multilateral organization to grant such a credit within the global package to financially support Peru in rejoining international financial agencies.

The FLAR Executive Board led by Guillermo Castaneda Mungi has termed the decision to back the Peruvian Government's and people's efforts to stabilize the economy and correct the serious structural imbalances that prevent the country's economic development as important.

In a special meeting at FLAR headquarters, Castaneda asked the Executive Board to help the Peruvian Government and people overcome their serious economic situation.

This is the first credit granted to Peru to support its balance of payments after eight years of suspension.

The $403 million credit will be paid over a four-year term, with a one-year grace period, and with a Libor [London Interbank Offered Rate] of 0.5 percent [as published].

This credit, which is regarded as the biggest sum ever granted to a FLAR-member country, was granted to Peru in response to the coherent economic program submitted by the government, which, according to FLAR, guarantees the solution of its internal and external imbalances.

This is the first credit granted to Peru as part of the global package of financial support agreed upon by multilateral financial agencies such as the IMF, the World Bank, and the Support Group, to help it rejoin international financial institutions. [passage omitted]